

Exhibit No: _____
Application: A.25-09-014
Witness: E. Martinez
Chapter: 14

**PREPARED REBUTTAL TESTIMONY OF EDUARDO MARTINEZ
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY
AND SAN DIEGO GAS & ELECTRIC COMPANY
(WEATHER DESIGN)**

June 15, 2026

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1 **CHAPTER 14**

2 **PREPARED REBUTTAL TESTIMONY OF EDUARDO MARTINEZ**
3 **(WEATHER DESIGN OVERVIEW AND PROPOSALS)**

4 **I. PURPOSE**

5 The purpose of my rebuttal testimony on behalf of Southern California Gas Company
6 (SoCalGas) and San Diego Gas & Electric Company (SDG&E) (jointly, Applicants) is to address
7 the direct testimony of Brian C. Collins on behalf of Indicated Shippers, and Samuel Topper on
8 behalf of the Public Advocates Office at the California Public Utilities Commission (Cal
9 Advocates) concerning the proposals addressing Weather Design overview and proposals made
10 by the Applicants in this proceeding.¹

11 **II. CAL ADVOCATES USES MISREPRESENTATIONS AND QUESTIONABLE**
12 **ASSUMPTIONS TO ADVOCATE FOR A COLD YEAR WEATHER DESIGN**
13 **THAT ARTIFICIALLY LOWERS ANNUAL AVERAGE LOAD WHILE**
14 **SIMULTANEOUSLY INCREASING ANNUAL COLD YEAR AVERAGE LOAD**

15 Cal Advocates proposes higher annual 1-in-10 and 1-in-35 Cold Year weather designs for
16 SoCalGas and SDG&E.² Cal Advocates recommends an updated climate trend warming pattern
17 of -13.6 Heating Degree Days (HDD's) per year for SCG and -16.9 HDD's/yr for SDG&E,
18 which results in a lower annual 1-in-2 weather design.³ Cal Advocates accepts the rest of the
19 Applicants' peak day Weather Design.⁴

20 Cal Advocates' proposals for higher 1-in-10 and 1-in-35 Cold Year weather design for
21 both SoCalGas and SDG&E are based on longer period of heating degree days (HDDs)
22 observations beyond the 20 years used by Applicants. Cal Advocates uses 75 years of HDD
23 observations for its SoCalGas annual 1-in-10 and 1-in-35 Cold Year weather designs and 53
24 years of HDD observations for its SDG&E annual 1-in-10 and 1-in-35 Cold Year weather

¹ Given the volume of the various arguments, positions, and proposals raised by intervenors, Applicants have prioritized which issues to address in rebuttal testimony. Silence on any issue should not be construed as agreement with, or non-opposition to, that issue, as Applicants reserve the right to address additional issues not specifically mentioned in this rebuttal testimony at a later opportunity, such as evidentiary hearings and briefs.

² Direct Testimony of Samuel Topper on behalf of Public Advocates Office (Ex. CA-04) at 3-5.

³ Ex. CA-04 (Topper) at 4.

⁴ Ex. CA-04 (Topper) at 8.

1 designs.⁵ Cal Advocates also departs from Applicants' treatment of the extraordinarily warm
2 years of 2014-2018 for both annual Cold Year Weather Design and for calculating annual
3 climate change impacts.⁶ Applicants oppose this proposal due to its impact on cost allocation and
4 methodological concerns.

5 Cal Advocates' methodology to increase the Applicants' Cold Year weather is not sound
6 and should not be accepted. In order to achieve higher annual 1-in-10 and 1-in-35 Cold Year
7 weather designs, Cal Advocates more than doubles the number of annual HDD observations that
8 the applicants used to prepare their Cold Year weather design. Despite Cal Advocates
9 criticizing Applicants treatment of the 2014-2018 warm years, Cal Advocates uses a similar
10 treatment of outlier weather periods in its extended annual Cold Year weather design. The five
11 years represents 25% of the data used in SoCalGas and SDG&E's 20-year periods, In contrast,
12 Cal Advocates' proposed models include the statistical dummy regimes⁷ of 16 years (2014-2018,
13 1951-1953, 1957-1961, and 1973-1975) for SCG's 75-year regression data and 13 years (2014-
14 2018, 1998-2002, and 1973-1975) for SDG&E's 53-year regression data, both of which
15 represent more than 20% of the regression data and are similar to SCG and SDG&E's dummy
16 proportions.⁸ In addition, Cal Advocates mentioned that the 2014-2018 dummy variable of all
17 five years (as opposed to each year individually) resulted in the "overcorrected" abnormal
18 negative deviations in these warm years.⁹ However, Cal Advocates omits the increase of the
19 degrees of freedom by using individual dummy variables in the regression models and the
20 corresponding p-values that confirm the "one-size-fits-all adjustment" regime dummies'
21 statistical significance. Cal Advocates also cites a lack of symmetry in adjustment years.¹⁰
22 Unlike the unprecedented warm period from 2014-2018 dating back more than 60 years, though,
23 no unprecedented cold period exists within the last 50 years, especially within the 20-year
24 observation period used by the utilities.

⁵ Ex. CA-04 (Topper) at 9-13.

⁶ Ex. CA-04 (Topper) at 4-5.

⁷ A statistical dummy regime is a binary variable (1 or 0) used in a regression model to represent distinct time periods such as extraordinary cold or warm climate.

⁸ Ex. CA-04 (Topper) at 13.

⁹ *Id.* at 11.

¹⁰ *Id.*

1 Applicants oppose Cal Advocates proposed revision of its climate change impact
2 estimate. The approach used by Applicants is a sensible approach for cost allocation as well as
3 gas system planning purposes in that it accounts for complication of quantifying the impact
4 climate change, including the lack of the information and prediction for climate oscillations such
5 as El Niño and La Niña. In its arguments advocating for additional annual observations for its
6 annual Cold Weather Design calculations, Cal Advocates states that a “shorter window means
7 less statistical power to distinguish a true structural regime from normal volatility.”¹¹ However,
8 Cal Advocates reverses itself by proposing an alternative climate change estimation that features
9 a “kink structure” that negates the applicants HDD observations prior to 2013 in order to achieve
10 a larger estimated climate change impact.¹²

11 Cal Advocates’ climate change estimation proposal based on a smaller number of
12 observations introduces an unacceptable amount of risk to Applicants’ ratepayers in the Cost
13 Allocation period of 2027-2029. Cal Advocates itself points out that 2023 and 2024 actual HDDs
14 are above the trend resulting from its “kink structure” model.¹³ In so doing, Cal Advocates fails
15 to provide meaningful justification as to why Applicants’ longer observation period of HDD and
16 factors that drive near-term variability in climate (including HDDs) such as climate oscillations
17 such as the Pacific Decadal Oscillation (PDO), hydrological variables, urbanization, and
18 humidity won’t have a larger impact on HDDs during the 2027-2029 CAP period rather than Cal
19 Advocates’ truncated observation period of HDDs from 2013 to 2024.

20 In sum, Applicants’ approach to Cold Year and climate change impact is based on a
21 consistent 20-year observation period methodology. By contrast, Cal Advocates’ proposals
22 constitute varying observation periods in order to reach a predetermined outcome. Cal
23 Advocates’ approach should be rejected.

¹¹ Ex. CA-04 (Topper) at 9.

¹² *Id.* at 17-20.

¹³ Ex. CA-04 (Topper) at 20.

1 **III. INDICATED SHIPPERS’S CONCERN WITH APPLICANTS’ ADJUSTMENT OF**
2 **HEATING DEGREE DAYS AND INCLUSION OF CEC AAFS SCENARIO IS**
3 **UNWARRANTED**

4 Indicated Shippers opposes Applicants’ adjustment of recorded Heating Degree Days
5 (HDDs) from 2014 to 2018 in development of its annual 1-in-2 and annual Cold Year 1-in-10
6 and 1-in-35 Weather Design due to its impact on storage requirements.¹⁴ Applicants note that
7 their proposed Weather Design in this CAP application were not used in the storage proposal
8 outlined in Michelle Dandridge’s Chapter 1 testimony. The Weather Design from the 2024
9 California Gas Report (CGR) was used in Chapter 1 storage proposal.¹⁵

10 Indicated Shippers expresses purported concerns with Applicants’ use of the 2023
11 California Energy Commission (CEC) Integrated Energy Policy Report (IEPR) Additional
12 Achievable Fuel Substitution (AAFS) Scenario 3 Programmatic forecast in its Weather Design
13 calculation.¹⁶ However, Applicants did not use any CEC IEPR forecast in its Weather Design.
14 Applicants share the same concern with Indicated Shippers with the inclusion of uncertain
15 building decarbonization included in some CEC IEPR forecasts. For Applicants’ demand
16 forecasts outlined in Applicants Chapter 3 (Martinez) testimony, the programmatic aspect of the
17 2023 CEC IEPR AAFS forecast, which only includes expected fuel substitution impacts from
18 existing program, funded or planned initiatives, or adopted codes and standards rather than yet-
19 to-be approved at-the-time proposals, was used.¹⁷ Applicants weather design and demand
20 forecasts are based on conservative assumptions critical for both gas system planning and cost
21 allocation purposes.

22 This concludes my rebuttal testimony.

¹⁴ Direct Testimony of Brian C. Collins on behalf of Indicated Shippers (Ex. IS-01) at 15-16.

¹⁵ Direct Testimony of M. Michelle Dandridge (SCG-SDGE, Chapter 1) at MMD-6.

¹⁶ Ex. IS-01 (Collins) at 17.

¹⁷ CEC, 2023 AAEE & PiCS AAFS Scenario Characterization Workbook, *available at:*
<https://efiling.energy.ca.gov/GetDocument.aspx?tn=260687&DocumentContentId=96988>.