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Application: A.25-09-XXX
Witness: M. M. Dandridge
Chapter: 1a

PREPARED DIRECT TESTIMONY OF M. MICHELLE DANDRIDGE

ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

AND SAN DIEGO GAS & ELECTRIC COMPANY

(STORAGE OVERVIEW AND PROPOSALS)

September 30, 2025
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CHAPTER

PREPARED TESTIMONY OF M. MICHELLE DANDRIDGE

(STORAGE OVERVIEW AND PROPOSALS)

I. PURPOSE

The purpose of my direct testimony is to describe the storage and balancing framework that Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) (jointly, Applicants) propose for this three-year Cost Allocation Proceeding (CAP) period (2027-2029). Applicants' storage proposals are intended to replace the storage and balancing regime adopted as part of the 2024 CAP Settlement in Decision (D.) 24-07-009 (covering 2024-2026). This testimony addresses the following items:

- Overview of the function of storage in 2027-2029
- Total storage capacities
- Core storage requirements and allocations
- Storage allocations to the wholesale core customers
- Storage allocations to the balancing function
- Storage allocations to the unbundled storage program
- Reductions in storage inventory
- Miscellaneous storage-related issues

II. OVERVIEW AND OUTLOOK OF THE FUNCTION OF STORAGE IN 2027-2029

SoCalGas owns and operates four underground storage facilities in its service territory: Aliso Canyon, Honor Rancho, La Goleta, and Playa del Rey. These storage facilities serve a vital role in balancing the region's energy supply and demand. Underground gas storage provides accessible local supply of natural gas, which is important for system resiliency, emergency response, and mitigation of the impacts caused by disruptions in delivery of interstate

gas supply. Underground storage also provides system and market flexibility; when gas supply is low relative to demand, the gas inventory contained in storage can be withdrawn to meet that demand, and when gas supply is high relative to demand, gas can be injected and held in storage for later use.

In the upcoming CAP period, SoCalGas will use its storage assets to further enhance system reliability, emphasizing the use of storage capacity for maintaining core reliability, system balancing, customer use, and overall system reliability.

In this proceeding, SoCalGas identifies the firm capacities of its storage facilities and proposes an allocation of those firm storage capacities to four functional service classes: core, wholesale core, balancing, and the unbundled storage (UBS) program.

III. TOTAL STORAGE CAPACITIES

There are three functions that are relevant to SoCalGas's storage operations and storage capacity proposals in this application: inventory, injection and withdrawal capacities. D.24-07-009 established the total maximum observed firm inventory, injection and withdrawal capacities for the current CAP period of 2024-2026: 119.5 billion cubic feet (Bcf) of working inventory capacity, 800 million cubic feet per day (MMcfd) of summer injection capacity, 550 MMcfd of winter injection capacity, 1900 MMcfd of summer withdrawal capacity, and 2400 MMcfd of winter withdrawal capacity.

Applicants are proposing the following capacities and allocations in Table MMD-1 for the CAP period of 2027-2029.

Table MMD-1: Proposed Capacities and Allocations for CAP Period 2027-2029

	Inventory Bcf	Injection Summer MMcfd	Injection Winter MMcfd	Withdrawal Summer MMcfd	Withdrawal Winter MMcfd
Core	76	250	135	540	1500
Balancing	12	184	374	1212	256
UBS	28	15	15	15	15
Wholesale	2.8	9	5	20	55
Total	**118.8**	**458**	**529**	**1787**	**1826**
	Inventory	**Injection Summer**	**Injection Winter**	**Withdrawal Summer**	**Withdrawal Winter**
Core	64.0%	54.6%	25.5%	30.2%	82.1%
Balancing	10.1%	40.2%	70.7%	67.8%	14.0%
UBS	23.6%	3.3%	2.8%	0.8%	0.8%
Wholesale	2.4%	2.0%	0.9%	1.1%	3.0%
	100%	**100%**	**100%**	**100%**	**100%**

A. Storage Inventories

Applicants are proposing that the total inventory available for allocation for the upcoming CAP period of 2027-2029 be 118.8 Bcf, which accounts for a lower working inventory available at Aliso Canyon and Playa del Rey. Currently, Aliso Canyon is approved by California Geologic Energy Management Division (CalGEM) to operate at a maximum field pressure of 3198 pounds per square inch absolute (psia), which accommodates a working inventory capacity of approximately 68.6 Bcf. Additionally, the Commission in D.23-08-050 limited the maximum storage inventory level at Aliso Canyon to 68.6 Bcf. Playa del Rey is expected to have a working inventory capacity of 1.7 Bcf (down from 2.4 Bcf due to water intrusion issues). Honor Rancho and La Goleta are expected to have a working inventory capacity of 27 Bcf and 21.5 Bcf, respectively.

B. Injection Capacity

As an initial matter, peak injection capacity is typically achieved at low storage inventory levels. The median summer (April to October) injection capacity posted on SoCalGas's Electronic Bulletin Board, Envoy, for 2024 was 458 MMcfd.[1] Applicants are proposing a total summer injection capacity of 458 MMcfd, which is the expected capacity available during the summer period for the years 2027-2029.

The median winter (November to March) injection capacity posted on Envoy for 2024-2025 was 529 MMcfd.[2] Applicants are proposing a total winter injection capacity of 529 MMcfd, which is the expected capacity available during the winter period for the years 2027-2029.

When the actual injection capacity available on any day is higher or lower than the proposed injection capacity for summer and winter, the daily capacity allocations to each of the classes will be prorated to the percentages indicated in Table 1.

C. Withdrawal Capacity

The median summer (April to October) withdrawal capacity posted on Envoy for 2024 was 1787 MMcfd.[3] Applicants are proposing a total summer withdrawal capacity of 1787 MMcfd, which is the expected capacity available during the summer period for the years 2027-2029.

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[1] Refer to my accompanying workpapers, Chapter 1 Workpapers: M. Michelle Dandridge (Storage Overview and Proposals) for data to support this calculation.

[2] *Id.*

[3] *Id.*

The median winter (November to March) withdrawal capacity posted on Envoy for 2024-2025 was 1826 MMcfd.[4] Applicants are proposing a total winter withdrawal capacity of 1826 MMcfd, which is the expected capacity available during the winter period for the years 2027-2029. This proposed withdrawal capacity is expected to be available through the peak demand period and is expected to be lower in February or March, a period in which the core's need for its full firm rights typically drops several hundred MMcfd as the weather gets warmer.

When the actual withdrawal capacity available on any day is higher or lower than the proposed withdrawal capacity for summer and winter, the daily capacity allocations to each of the classes will be prorated to the percentages indicated in Table 1.

IV. CORE STORAGE ALLOCATIONS

A. Core Reliability Standards

Applicants are proposing an allocation of storage capacity to provide reliable year-round supply of natural gas to its core customers. The Commission requires the gas utilities to serve core gas customers in a 1-in-35 cold temperature year (Cold Year) and a 1-in-35 cold peak day (Peak Day).[5] The planning criteria and guidance provided by the Commission are summarized as follows:

- A combination of firm pipeline capacity and storage inventory sufficient to serve core Cold Year requirements;
- Firm pipeline capacity at an annual average of between 100% and 120% of the average temperature year (Average Year) daily demand;[6] and
- A combination of firm pipeline capacity, storage withdrawal, and monthly and spot gas purchases to serve core Peak Day requirements.

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4 *Id.*

5 D.02-11-073 at 419 (Ordering Paragraph (OP) 10).

6 D.04-09-022 at 31, n.11.

These criteria are captured in Applicants' recommendations for allocations of storage capacities to the core, as addressed in the following sections.

B. Proposed Storage Capacities Dedicated to the Core

Applicants are proposing an allocation of storage assets to the core of 76 Bcf storage inventory, 250 MMcfd summer injection, 135 MMcfd winter injection, 540 MMcfd summer withdrawal and 1500 MMcfd winter withdrawal for the CAP years 2027-2029.

Based on 2027-2029 data from the 2024 California Gas Report,[7] Table MMD-2 below displays the numbers behind the reasoning for the proposed core storage allocations.

Table MMD-2: Proposed Core Storage Allocations Per Reasoning

A	B	C	D	E	F
Total Inventory Bcf	Average Year Demand MMcfd	Cold Year Winter 1-in-35 Demand MMcfd	Peak Day 1-in-35 Demand MMcfd	Winter Flowing Supply MMcfd (B~~C~~*100% - 120%)	Storage and Additional Flowing Supply Needed for Peak Day MMcfd (D-E-~~F~~)
76	949	1381	2822~~2983~~	949 to 1139	1683~~1844~~ to 1873~~2034~~

The 76 Bcf of inventory will assist the core in meeting Cold Year requirements, demonstrated as follows. The 76 Bcf in inventory divided by the 151 days of winter is equal to 503 MMcfd of gas available that can be withdrawn in the winter. The Commission has approved for the core firm interstate capacity commitments from 100% "up to" 120% of annual average year core throughput. Based on firm core interstate capacity commitments, potential flowing

[7] SoCalGas, *2024 California Gas Report Prepared by the California Gas and Electric Utilities* at 157, 164-167, 197-201, *available at:* https://www.socalgas.com/sites/default/files/2024-08/2024-California-Gas-Report-Final.pdf; *see also* SoCalGas, *2024 California Gas Report Workpapers* at 24-26, *available at:* https://www.socalgas.com/sites/default/files/2024-08/2024-CGR-Workpapers-SoCalGas.pdf; SDG&E, *2024 California Gas Report Workpapers* at 25-27, *available at:* https://www.sdge.com/sites/default/files/regulatory/sdge%20final.pdf.

supply will range from 949 MMcfd to 1139 MMcfd (column E), which along with the 503 MMcfd of storage gas, should meet the forecast cold year winter demand of 1381 MMcfd (column C). The 1500 MMcfd of winter withdrawal and monthly and spot day supply purchases will assist in bridging the gap (column F) between the core's Peak Day demand (column D) and its potential winter flowing supply from interstate supplies (column E)

The 540 MMcfd of summer withdrawal represents approximately 30% of the 1787 MMcfd of total summer withdrawal capacity.

The 250 MMcfd of summer injection rights should fill 53.5 Bcf of the 76 Bcf of core's allocation of inventory in the 214-day injection season. Also, 135 MMcfd of winter injection rights will assist core in filling storage during periods of low demand in the winter months of March and November.

V. STORAGE CAPACITIES DEDICATED TO THE WHOLESALE CORE

For Southwest Gas Corporation (a wholesale customer) and the City of Long Beach (a wholesale customer), Applicants are proposing storage capacities of inventory, injection and withdrawal equal to approximately 3% of the storage capacities allocated to the core customers of SoCalGas and SDG&E, at the same rates for the combined core customers of SoCalGas and SDG&E: 2.8 Bcf of working inventory capacity, 9 MMcfd of summer injection capacity, 5 MMcfd of winter injection capacity, 20 MMcfd of summer withdrawal capacity, and 55 MMcfd of winter withdrawal capacity.

VI. STORAGE CAPACITIES DEDICATED TO THE BALANCING FUNCTION

A. Overview of the Balancing Function

The balancing function refers to the service provided by the System Operator to accommodate imbalances between a customer's actual usage and the gas it schedules for delivery to the system. These aggregate imbalances result in either under deliveries or over

deliveries of gas to the system. SoCalGas utilizes its storage functions of inventory, injection and withdrawal and operational flow orders (OFO) procedures to manage these imbalances to maintain a reliable system. OFOs are economic signals to customers that the storage assets allocated to the balancing function are forecast to be fully utilized. A low OFO is declared when customers' under-scheduling of deliveries of gas to the system is forecast to be higher than the storage withdrawal capacity allocated to the balancing function. A high OFO is declared when customers' over-scheduling of deliveries of gas to the system is forecast to be higher than the storage injection capacity allocated to the balancing function.

B. Proposed Storage Capacities Dedicated to the Balancing Function

In order to support enhanced year-round balancing functions, Applicants are proposing to allocate 12 Bcf of storage inventory, 184 MMcfd of summer injection capacity, 374 MMcfd of winter injection capacity, 1212 MMcfd of summer withdrawal capacity and 256 MMcfd of winter withdrawal capacity to the balancing function.

The 12 Bcf of storage inventory allocation will be used to provide 10% monthly balancing when customers create positive imbalances by delivering more gas into the system than what they use, up to 12 Bcf on a combined basis. When positive imbalances are created by customers, there needs to be inventory space available within storage to accommodate supply over deliveries by customers.

VII. STORAGE CAPACITIES DEDICATED TO THE UNBUNDLED STORAGE PROGRAM

The unbundled storage (UBS) program offers sales of term storage capacities, and park and loan services. Both offerings are outlined in Rate Schedule G-TBS, Transaction Based Storage Service and Rate Schedule G-PAL, Operational Hub Services respectively. Applicants are proposing to allocate to the UBS program 28 Bcf of working inventory capacity, 15 MMcfd

of summer and winter injection capacity, and 15 MMcfd of summer and winter withdrawal capacity.

The net revenues from the UBS program will continue to be balanced in the Noncore Storage Balancing Account (NSBA). As such, any over- or under-collections in the NSBA will be amortized in customers' transportation rates as part of the annual regulatory account true-up submission.

VIII. REDUCTIONS IN STORAGE INVENTORY CAPACITIES

If there is a Commission order to reduce allowable working storage inventory, reductions to the various classes will be applied as follows. The first 10 Bcf of reduction will be applied to the UBS program. Any reductions above 10 Bcf will be applied pro-rata across all classes to the following floors: core 72 Bcf, wholesale core 2.5 Bcf, Balancing 8 Bcf. Once these floors are met, all remaining reductions will be applied to the UBS program. After the UBS program has reached zero, all remaining reductions will be prorated amongst core, wholesale core, and Balancing.

IX. NONCORE TRANSPORTATION REVENUES

Applicants recommend maintaining the current provisions contained in the Noncore Fixed Cost Account (NFCA) tariff preliminary statement, which provides 100% balancing account treatment for noncore throughput. Balancing account treatment has been adopted in the past several cost allocation cycles and was not contested in the prior CAP proceeding. Currently, Applicants are not at financial risk if noncore throughput is lower than forecast. Conversely, Applicants are not in a position of financial gain if noncore throughput is higher than forecast. In either case, Applicants or customers are made whole through annual adjustments to the utilities' balancing accounts. As it does for the current CAP, decoupling profits and noncore transportation revenues during the upcoming CAP period aligns shareholder, customer and

Commission interests in achieving energy efficiency and greenhouse gas reduction reductions. Changing that policy and placing shareholders at risk for noncore throughput on the system would create a conflict between these various interests. Applicants being "at risk" for noncore gas throughput would be inconsistent with current statewide energy and regulatory policy. Therefore, Applicants request that the Commission continue the alignment of Applicants' risk structure with the State's policy objectives to promote energy efficiency and emissions reductions by maintaining 100% balancing account treatment of noncore transportation revenues. Because D.24-07-009 provided authority for this 100% balancing account treatment for the current CAP period, Applicants request that this 100% balancing account treatment be continued, as long as noncore transportation revenues remain effective in the NFCA, unless and until modified in a future proceeding.

This concludes my prepared direct testimony.

X. QUALIFICATIONS

My name is M. Michelle Dandridge. I am employed by SoCalGas as the Manager of Transmission and Storage Strategy. My business address is 555 West Fifth Street, Los Angeles, California, 90013-1011. I received a Bachelor of Business Administration with concentrations in Finance and in Accounting from Simon Fraser University, British Columbia, Canada.

Prior to joining SoCalGas, I held finance, accounting, natural gas scheduling, and natural gas trading positions at various oil and natural gas companies in British Columbia and Alberta, Canada. At SoCalGas, I have worked in the Gas Acquisition, Gas Scheduling and Major Markets Credit and Compliance departments. As of June 2017, I have been in the role of Senior Manager Strategic Planning, Transmission and Storage Strategy. In this position, I manage the unbundled storage program and the California Energy Hub, oversee minimum flowing supply and maintenance related supply purchases, and am involved in various regulatory issues providing analytical and compliance subject matter expertise. I have previously testified before the Commission.