**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY &
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS EFFECTIVE
JANUARY 1, 2020 IN THE TRIENNIAL COST ALLOCATION PROCEEDING**

(A.18-07-024)

(DATA REQUEST CAL ADVOCATES-DR-049)

DATA RECEIVED: 2-22-19

DATE RESPONDED: 3-8-19

The following data request questions pertain to Chapter 1 of the Applicants testimony, the Prepared and Direct Testimony of Michelle Dandridge and Table 23 in Chapter 8 of witness Sim-Cheng Fung's Prepared and Direct Testimony.

QUESTION 1:

On page 14 of Ms. Dandridge's testimony, the Applicants propose a new reliability function of 21 Bcf of storage inventory which will provide withdrawal capability for daily operational needs throughout the year (lines 10 – 11). The Applicants state further that the 21 Bcf will be classified as "reserve inventory" and will provide "a withdrawal deliverability of 1,240 MMcfd for all customers on the system, on a year-round basis." (lines 15 – 17). Table 23 in Chapter 8 of witness Sim-Cheng Fung's Testimony shows the same 21 Bcf allocation volume to the reliability function under Inventory, with a cost in the amount of $8.3 million. Table 23 shows that the total Storage Cost is in the amount of $161.6 million, which includes the $8.3 million for reliability. The 2020 TCAP SCG RD Model shows at tab "Cost Allocation," starting at lines 71 through 75, the same total Storage Cost from Table 23 plus the cost for FFU. In that tab of the SCG rate model, the total Storage Cost from Table 23 is now shown as $164.411 million. At lines 78 and 79 of the tab, the Total Storage Costs of $164.411 million is shown to be allocated to the different customer classes between the Core Storage and Load Balancing functions.

In the teleconference call between SoCalGas witnesses for Chapters 1, 8, 9, 10, and 12 and Public Advocates Office staff Nika Kjensli and Pearlie Sabino on February 21, 2019, in reference to Table 23 of witness Sim Cheng Fung's testimony, a SoCalGas witness stated that the 21 Bcf of storage inventory for reliability was not available to the core for scheduling. Yet, the cost of the 21 Bcf for the reliability function, $8.3 million (as shown in Table 23), is allocated between the core and load balancing functions, as shown in the SCG RD Model. With this in mind, please answer the following questions.

a. Please explain the reason for allocating the cost of the 21 Bcf of reliability inventory between core and the load balancing functions. In your response, please include an explanation of how the allocation was calculated and a reference to the corresponding workpapers that show this calculation and allocation were done.

b. Please clarify what SoCalGas means when it says that the 21 Bcf is "not available to core for scheduling."

c. If core is unable to schedule any or part of the 21 Bcf, please explain SoCalGas's rationale for requiring core to assume some of the costs for holding this inventory through the Core Storage function and the Load Balancing function.

d. Please explain SoCalGas's rationale for requiring core to hold a storage reserve, including citing to Commission decision authorizing a set-aside for storage reserve for purposes of a reliability function.

RESPONSE 1:

a. Under Applicants' proposal, both the Core and Load Balancing function would rely on the new Reliability function to provide withdrawal capability for daily operational needs throughout the year. The embedded cost of the 21 Bcf storage inventory capacity for the new Reliability function is $8.3 million as shown in Chapter 8 (Fung), p. 19, Table 23. This cost is proposed to be allocated between the Core inventory ($3.9 million) and Load Balancing inventory ($4.4 million) functions. The Core inventory allocation of $3.9 million and Load Balancing inventory allocation of $4.4 million is a seasonal weighted average percent split based on withdrawal deliverability of 1,240 MMcfd on a year-round basis. The 21 Bcf of storage inventory allocated to the Reliability function provides a withdrawal capacity of 1,240 MMcfd on a year-round basis. This is split in the 151 days of winter by 840 MMcfd for Core Reliability and 400 MMcfd for Load Balancing, and the 214 days of summer by 400 MMcfd for Core Reliability and 840 MMcfd for Load Balancing. The attached spreadsheet shows that the seasonally-weighted average results in 47% for the Core and 53% for Load Balancing.


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b. The 21 Bcf of Reliability inventory procured gas would remain in the ground year-round to provide the withdrawal capability necessary for daily operational needs throughout the year, including for the Core.

c. Both the Core and Load Balancing will be using the Reliability function to provide withdrawal capacity for daily operational needs throughout the year.

d. Safety enhancements have impacted Applicants' withdrawal and injection capabilities. See Chapter 1 (Dandridge) p. 3, lines (1-9). Applicants have proposed the new Reliability function in order to meet Core's reliability standards. See Chapter 1 (Dandridge) p.7. Safety enhancements made at SoCalGas's storage fields have impacted withdrawal capability, thus prompting higher minimum needed inventory levels to meet withdrawal deliverability for system reliability and operational flexibility. The TCAP is the appropriate proceeding for allocating Applicants' available storage capacities to various storage functions, including Core reliability. SoCalGas's Preliminary Statement, Part VIII (GCIM), Section C.7, provides that "SoCalGas' share of the January, February and March minimum month-end targets (equivalent to peak day minimums necessary for serving the core) must be met. Any deviation from these winter storage targets should be explained in SoCalGas' annual GCIM filing."[1] Accordingly, there is Commission precedent for requiring the core to maintain certain levels of storage throughout the winter.

[1] Section C.7 was added to the GCIM Preliminary Statement following Commission D.02-06-023.