**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)

(4th DATA REQUEST FROM SOUTHERN CALIFORNIA GENERATION COALITION)

DATA RECEIVED: 2-9-19

DATE RESPONDED: 2-26-18

QUESTION 4.1:

With respect to the response to data request IS-01, Q.7, which states: "As discussed in Chapter 1 (Dandridge), p. 3 (lines 1-9), safety enhancements at the storage fields impact withdrawal capabilities. The effect is that higher inventories are required to maintain withdrawal rates. To maintain the proposed 1240 MMcfd of withdrawal, 21 Bcf is the minimum system-wide inventory required to produce this withdrawal rate. The 1240 MMcfd is the sum of 400 MMcfd for the Core and 840 MMcfd for balancing. The 840 MMcfd for balancing is greater than the sum of the current withdrawal allocations of 525 MMcfd for balancing and 206 MMcfd for unbundled, less the withdrawal for wholesale, and will help make up the difference with the proposed elimination of the unbundled program. The 840 MMcfd should result in a minimum number of OFOs. The 400 MMcfd for Core is approximately the difference between Core's average daily summer demand of 875 MMcfd and max average demand of 1300 MMcfd including Wholesale (see 2018 California Gas Report, Redacted Workpapers pg.14-16, forecast for 2020). For the winter, 1240 MMcfd contributes to the 1-in-35 peak day withdrawal requirements for Core plus balancing, along with the additional 19 Bcf that Core would maintain for a peak day mentioned in Chapter 1 (Dandridge), p. 8 (lines 11-13)."

4.1.1. With respect to the 1240 MMcfd of proposed withdrawal, would this withdrawal capacity be available 365 days of the year?

4.1.2. If the answer to the previous question is "no," please specify when the 1240 MMcfd withdrawal capacity would be available and when it would not be expected to be available.

4.1.3. How does the proposed "400 MMcfd for the core" relate to the proposed core summer withdrawal of 368 MMcfd shown in Table 1 on page 8 of Dandridge's testimony? Is it additive to that 368 MMcfd or is it a substitute for the 368 MMcfd proposed core summer withdrawal capacity?

4.1.4. How does the proposed "400 MMcfd for the core" relate to the proposed core winter withdrawal of 1934 MMcfd shown in Table 1 on page 8 of Dandridge's testimony? Is it additive to that 1934 MMcfd or is it a substitute for the 1934 MMcfd proposed core winter withdrawal capacity?

4.1.5. How does the proposed "840 MMcfd for balancing" relate to the proposed balancing winter withdrawal capacity of 400 MMcfd shown in Table 3 on page 13 of Dandridge's testimony? Is it additive to that 400 MMcfd or is it a substitute for the 400 MMcfd?

4.1.6. How does the proposed "840 MMcfd for balancing" relate to the proposed balancing summer withdrawal capacity of 840 MMcfd shown in Table 3 on page 13 of Dandridge's testimony? Is it additive to that 840 MMcfd or is it a substitute for the 840 MMcfd?

4.1.7. How would the existence of the 840 MMcfd for balancing "help make up the difference with the proposed elimination of the unbundled program"?

4.1.8. Is the existence of 840 MMcfd withdrawal capacity a substitute for a customer being able to store its gas directly?

4.1.9 If the answer to the previous question is "yes," please state all of the ways that the 840 MMcfd withdrawal capacity is a substitute for a customer being able to store its gas directly.

RESPONSE 4.1:

4.1.1. Yes

4.1.2 N/A

4.1.3. The 368 MMcfd is neither an addition nor a substitute. The 400 MMcfd Summer withdrawal allocated to Core is split between 368 MMcfd for the Core and 32 MMcfd for Wholesale. As stated in Chapter 1 (Dandridge) p.6 lines 18-20, storage assets will be made available to wholesale customers from the core storage allocations.

4.1.4. The Core Winter withdrawal 1,934 MMcfd is neither additive nor a substitute to the Summer Withdrawal 400 MMcfd because it is related to a different season.

4.1.5. The Summer withdrawal of 840 MMcfd for balancing is neither additive nor a substitute to the Winter withdrawal of 400 MMcfd for balancing because it is related to a different season.

4.1.6. The Summer withdrawal of 840 MMcfd for balancing is neither an additive nor a substitute. The Summer withdrawal of 840 MMcfd for balancing in Table 3 is the same as the 840 MMcfd for balancing.

4.1.7. The 840 MMcfd withdrawal for balancing will provide transportation customers more flexibility in managing their deliveries to actual usage on a daily basis without an unbundled storage program, primarily by allowing fewer low OFOs to be declared, and with less restrictive tolerances.

4.1.8. No

4.1.9. N/A

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QUESTION 4.2:

With respect to the response to SCGC-02, Q.2.3.2/2.3.3: "The 21 Bcf of storage inventory allocated to the new reliability function provides a withdrawal capacity of 1,240 MMcfd on a year-round basis, which is to accommodate both core and balancing withdrawal. This is split in the 151 days of winter by 840 MMcfd for Core Reliability and 400 MMcfd for balancing, and the 214 days of summer by 400 MMcfd for Core Reliability and 840 MMcfd for balancing. Additionally, noncore customers will pay for only a portion of the balancing function. Therefore, noncore customers are not paying for the inventory required to produce 1,240 MMcfd of withdrawal capacity, but rather only a portion of the inventory required to provide withdrawal for the noncore portion of the balancing function. This allows the balancing function to continue to withdraw at the firm rate for summer or winter until the remaining inventory for the balancing function is 0 Bcf. Without the new reliability function, if the remaining inventory for balancing is 0 Bcf, there would not be sufficient withdrawal for the balancing function."

4.2.1. Are the Applicants proposing that the 21 Bcf of inventory be filled continuously during the year?

4.2.2. If the answer to the previous question is "yes," what would distinguish this 21 Bcf of "reliability" inventory from cushion gas in the storage fields?

4.2.3. How do the Applicants propose to allocate the cost of the 21 Bcf of storage inventory capacity? Please provide the allocation methodology that supports this proposal.

4.2.4. How do the Applicants propose to allocate the cost of the 21 Bcf of stored gas? Please provide the allocation methodology that supports this proposal.

4.2.5. What portion of the balancing function do the Applicants propose to allocate to noncore customers? Please provide the allocation methodology that supports this proposal.

RESPONSE 4.2:

4.2.1. Yes.

4.2.2. The 21 Bcf of reliability inventory would function in the near term similarly to cushion gas to drive withdrawal deliverability based on current well configurations at the time of the Applicants' proposal.

4.2.3. The cost of 21 Bcf storage inventory is the new Reliability function cost of $8.3 million Chapter 8 (Fung), p. 19, Table 23. It is 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, which shows the seasonally-weighted average results in 47% for the Core and 53% for Load Balancing.

SCGC-04-4.2

4.2.4. Applicants interpret this question as the gas purchases and transportation costs for procuring the 21 Bcf of gas. Please refer to this discussion in Chapter 12 (Chaudhury), p. 28, Subsection 2. “Reliability Function Cost Memorandum Account (RFCMA))”

4.2.5. The balancing function refers to the service provided to all customers on the system on a year-round basis by the Applicants’ System Operator to accommodate imbalances between all customers’ actual usages and the gas they schedule for delivery to the system. The balancing function is used and paid by all customers on Applicants’ system on an equal cents per therm basis. There is no portion of the balancing function that is allocated only for noncore customers.

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QUESTION 4.3

With respect to Dandridge's testimony at 12 that states: "With 8% monthly balancing, the maximum amount of inventory needed for balancing is 8% of monthly sendout."

4.3.1. Why would an 8% monthly imbalance equate to 8% of monthly throughput?

4.3.2. Please provide all studies that have been performed by the Applicants to demonstrate that "the maximum amount of inventory needed for balancing is 8% of monthly sendout."

4.3.3. Please provide the total system-wide cumulative monthly imbalance for each month of the period January 2013 to December 2017.

4.3.4. Please provide the system-wide imbalance on a daily basis for the period January 2013 to December 2017.

4.3.5. Please provide the cumulative system-wide imbalance on a daily basis for the period January 2013 to December 2017.

RESPONSE 4.3:

4.3.1. Applicants are not stating that 8% monthly imbalance equates to 8% of monthly throughput. Applicants are proposing a storage inventory amount for balancing to cover potential imbalances, given that customers may create imbalances up to 8% of monthly throughput. See Chapter 1 (Dandridge) p. 12 and Dandridge workpapers tab "Monthly % INV assessment".

4.3.2. There is no additional study aside from workpaper stated in 4.3.1.

4.3.3. Please see data provided in response to 4.3.4 and 4.3.5.

4.3.4. See attached file: SCGC-04-4.3.4&4.3.5.

4.3.5. See attached file: SCGC-04-4.3.4&4.3.5.

SCGC-04-4.3

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QUESTION 4.4:

4.4. With respect to Dandridge's testimony at 11 that states: "Applicants are proposing that allocations to withdrawal capacity for the winter be decreased from 525 MMcfd in the current TCAP period to 400 MMcfd. As mentioned earlier, well safety enhancement efforts (i.e., tubing-only flow) have reduced the withdrawal deliverability of the wells, thereby decreasing the total withdrawal capacity available."

4.4.1. Please explain why it is operationally appropriate to reduce the winter withdrawal capacity allocated to the balancing function from 525 MMcfd to 400 MMcfd.

4.4.2. Please provide a copy of all studies, memos, and reports that discuss whether 400 MMcfd is a sufficient level of withdrawal capacity to be allocated to the balancing function during the winter months.

RESPONSE 4.4:

4.4.1. After allocating 2,000 MMcfd of the 2,400 MMcfd winter withdrawal to the Core (including Wholesale Core) to meet core storage requirements (see Chapter 1, Section V. Core Storage Requirements) the remaining 400 MMcfd was allocated to the balancing function.

4.4.2. See attached file: SCGC-04-4.4.2 & 4.5.2 and Response to Question 4.5.2. Applicants do not have additional studies, memos, and reports that discuss whether 400 MMcfd is a sufficient level of withdrawal capacity to be allocated to the balancing function during the winter months.

SCGC-04-4.4

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QUESTION 4.5:

4.5. With respect to Dandridge's testimony at 11 that states: "Applicants are proposing that allocations to withdrawal for the summer be increased from 525 MMcfd to 840 MMcfd. Allocating 840 MMcfd withdrawal to the balancing function will provide transportation customers more flexibility in managing their deliveries to actual usage without an unbundled storage program."

4.5.1. Please explain why it is operationally appropriate to increase the summer withdrawal capacity allocated to the balancing function from 525 MMcfd to 840 MMcfd.

4.5.2. Please provide a copy of all studies, memos, and reports that discuss whether 840 MMcfd is an appropriate level of withdrawal capacity to be allocated to the balancing function during the summer months.

RESPONSE 4.5:

4.5.1. The projected summer withdrawal capacity is 1,240 MMcfd. The summer average demand for Core including wholesale is approximately 30% of the total system summer average demand. 30% of 1,240 MMcfd is approximately 400 MMcfd, which, along with flowing supplies, will be sufficient for the Core and wholesale in the summer. The remainder of the summer withdrawal capacity (i.e., 840 MMcfd) would be allocated to balancing. Additionally 840 MMcfd summer withdrawal will provide transportation customers more flexibility in managing their deliveries to actual usual without an unbundled storage program as described in Response 4.1.7.

4.5.2. See attached file: SCGC-04-4.4.2 & 4.5.2. Applicants do not have additional studies, memos, and reports that discuss whether 400 MMcfd is a sufficient level of withdrawal capacity to be allocated to the balancing function during the winter months.

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QUESTION 4.6:

With respect to Dandridge's testimony at 5 that states: "The firm winter withdrawal capacity should be lowered from the 3,175 MMcfd set for the current TCAP period to 2,400 MMcfd for the upcoming TCAP period. SoCalGas recommends this level of firm winter withdrawal capacity because the system-wide withdrawal capacity as posted on ENVOY, in the peak months of December and January for the winters of 2012/13 through 2014/15, was above 2,875 MMcfd virtually 100% of the time. This is reduced to 2,400 MMcfd after accounting for the reduction in withdrawal capability as a result of safety enhancements."

4.6.1. Is SoCalGas claiming that it currently has winter withdrawal capacity of 2,400 MMcfd?

4.6.2. If the answer to Q.4.6.1 is "yes," please divide the winter withdrawal capacity between Aliso Canyon and the non-Aliso Canyon fields.

4.6.3. If the answer to Q4.6.1 is "no," please explain why SoCalGas is proposing this level of winter withdrawal capacity for the TCAP period.

4.6.4. Please provide documentation in the form of well analyses, well studies, and well testing that supports SoCalGas' assertion that the safety enhancements reduce the winter withdrawal capacity from 2875 MMcfd to 2400 MMcfd.

RESPONSE 4.6:

4.6.1. No

4.6.2. N/A

4.6.3. See Chapter 1 (Dandridge) p.5 Section III, C. testimony and workpapers supporting Chapter 1 tab "Withdrawal Winter".

4.6.4. SoCalGas objects to this question as seeking confidential market sensitive data. Subject to and without waiving this objection, SoCalGas responds as follows. On February 15, 2017, SoCalGas sent a Storage Safety Enhancement Plan to the Commission. This document can be accessed on the Commission's website at:

http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/News_and_Updates/SoCalGasStorageSafetyEnhancementPlan.pdf