

**TRIENNIAL COST ALLOCATION PROCEEDING PHASE 1 APPLICATION
OF SOUTHERN CALIFORNIA GAS COMPANY &
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES EFFECTIVE JANUARY 1, 2016**

(A.14-12-017)

(1st DATA REQUEST FROM THE INDICATED SHIPPERS)

QUESTION 01-01:

Storage Capacity – Current Allocation

Reference: Direct Testimony of Steve Watson page 1 line 21 to page 2 line 2

- a. Of the current 138 Bcf of storage inventory capacity referred to by Mr. Watson, how much of the capacity is:
- (i) Currently held by the Gas Acquisition group?
 - (ii) Currently reserved for balancing?
 - (iii) Currently sold under the unbundled storage program?
 - (iv) Currently not sold or reserved?
 - (v) Is there any storage inventory capacity which not sold or reserved which is not available for customers to contract? If so, please explain why.
- b. Of the current 850 MMcf/d of summer injection capacity referred to by Mr. Watson, how much of the capacity is:
- (i) Currently held by the Gas Acquisition group?
 - (ii) Currently reserved for balancing?
 - (iii) Currently sold under the unbundled storage program?
 - (iv) Currently not sold or reserved?
 - (v) Is there any summer injection capacity which not sold or reserved which is not available for customers to contract? If so, please explain why.
- c. Of the current 3,195 MMcf/d of winter withdrawal capacity referred to by Mr. Watson, how much of the capacity is:
- (i) Currently held by the Gas Acquisition group?
 - (ii) Currently reserved for balancing?
 - (iii) Currently sold under the unbundled storage program?

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- (iv) Currently not sold or reserved?
 - (v) Is there any winter withdrawal capacity which not sold or reserved which is not available for customers to contract? If so, please explain why.
- d. How much Summer withdrawal capacity is
- (i) Currently held by the Gas Acquisition group?
 - (ii) Currently reserved for balancing?
 - (iii) Currently sold under the unbundled storage program?
 - (iv) Currently not sold or reserved?
 - (v) Is there any summer withdrawal capacity which not sold or reserved which is not available for customers to contract? If so, please explain why.
- e. How much Winter injection capacity is
- (i) Currently held by the Gas Acquisition group?
 - (ii) Currently reserved for balancing?
 - (iii) Currently sold under the unbundled storage program?
 - (iv) Currently not sold or reserved?
 - (v) Is there any winter withdrawal capacity which not sold or reserved which is not available for customers to contract? If so, please explain why.

RESPONSE 01-01:

- a. (i) Core currently holds 83.0 Bcf of inventory. Gas Acquisition is assigned the majority which can vary on a monthly basis due to changes in CAT storage inventory allocation.
- (ii) Load Balancing currently has 4.2 Bcf of inventory.
- (iii) The Unbundled Storage program currently has sold approximately 46 Bcf of inventory.
- (iv) Approximately 4 Bcf of inventory are currently unsold.
- (v) No.

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- b. (i) Core currently holds 388 MMcfd of injection throughout the year. Gas Acquisition is assigned the majority which can vary on a monthly basis due to changes in CAT storage injection allocation.
(ii) Load Balancing currently has 200 MMcfd of injection throughout the year.
(iii) The Unbundled Storage program currently has sold 240 MMcfd of injection.
(iv) 23 MMcfd of injection are currently unsold.
(v) No.

- c. (i) Core holds 2225 MMcfd withdrawal throughout the year. Gas Acquisition is assigned the majority which can vary on a monthly basis due to changes in CAT storage withdrawal allocation.
(ii) Load Balancing currently has 340 MMcfd withdrawal throughout the year.
(iii) Unbundled Storage program currently sold 397 MMcfd withdrawal.
(iv) 234 MMcfd withdrawal are currently unsold for summer.
(v) No

- d. (i) See Response 1c.(i)
(ii) See Response 1c. (ii)
(iii) See Response 1c. (iii)
(iv) 134 MMcfd of withdrawal are currently unsold for winter.
(v) No.

- e. (i) See Response 1b. (i)
(ii) See Response 1b. (ii)
(iii) See Response 1b. (iii)
(iv) See Response 1b. (iv)
(v) No.

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QUESTION 01-02:

Allocation of Winter injection Capacity

Reference: Direct Testimony of Steve Watson page 3, footnote 2

Please explain why “Whatever winter injection capacity is not allocated to the balancing function” should be allocated exclusively to the Utility Gas Procurement Group and Core Transportation Agents to provide them with more flexibility. Why does SoCalGas feel that unbundled storage customers should not have some of that flexibility?

RESPONSE 01-02:

During the winter months of November through March, Gas Acquisition on behalf of core procurement customers is required to hold interstate capacity equal to 100% of its forecast average annual customer load. In order to optimize its use of this transportation and balance its supplies with customer load during these months, Gas Acquisition injects delivered supplies into storage when its load falls below its deliveries. Although Core Transportation Agents are not required to hold any interstate capacity, in order to maintain equity amongst all core providers they should continue to receive their allocation. SoCalGas and SDG&E are not aware of any CPUC-mandated interstate capacity requirements for noncore customers.

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QUESTION 01-03:

Low OFO Trigger

Reference: Direct Testimony of Steve Watson, page 5 lines 11 - 12 and Table 3 page 10

Mr. Watson is proposing to raise the amount of winter storage withdrawal capacity to 525 MMcf/d. Please explain fully and in detail how, if that change is adopted, the low OFO trigger levels pursuant to the pending Proposed Decision in A.14-06-021 would be affected.

RESPONSE 01-03:

The Decision in A.14-06-021 adopted a Low OFO trigger of 340 MMcfd for the entire year. If the proposed storage withdrawal capacity of 525 MMcf/d is adopted, the trigger for Low OFO's would be increased to 525 MMcfd.

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QUESTION 01-04:

High OFO trigger

Reference: Direct Testimony of Steve Watson, page 6 lines 12-14, and Table 3 page 10

- a. Mr. Watson indicates that under his proposal “Again using the current allocation to balancing, the triggering mechanism for a high OFO would be: If forecasted receipts – forecasted sendout – forecasted net injections into storage accounts > 200 MMcf/d, then high OFO.” Table 3 of his testimony proposes a different level of injection capacity for balancing in summer and winter. Is it correct to assume that the OFO trigger levels, under his proposal, would be different in summer and winter (200 MMcf/d and 345 MMcf/d respectively)?
- b. Please explain fully and in detail why SoCalGas believes it would be appropriate to have different amounts of storage injection capacity dedicated to the balancing function during the summer and the winter.

RESPONSE 01-04:

- A. No. SoCalGas and SDG&E propose to delay implementation of the revised high OFO methodology until 2017 (see page Prepared Direct Testimony of Mr. Watson at 6, line 5-9), at which time there would be a 345 MMcfd, not 200 MMcfd, allocation of injection to the balancing function throughout the entire year.
- B. SoCalGas is proposing a 200 MMcfd allocation of injection throughout 2016 (i.e. the same capacity in the summer and winter) and a 345 MMcfd allocation of injection for both summer and winter for 2017 and beyond.

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QUESTION 01-05:

Adoption of PG&E's High OFO Procedures

Reference: Direct Testimony of Steve Watson, page 6 lines 4-6

What problems, if any has SoCalGas experienced as a result of its OFO procedures which PG&E has not experienced as a result of its OFO procedures?

RESPONSE 01-05:

The questions definition of "problem" is unclear. From SoCalGas and SDG&E's perspective, the "problem" with its current high OFO procedures is that they are clearly now inconsistent with the low OFO procedures just approved for SoCalGas and SDG&E by D.15-06-004.

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QUESTION 01-06:

Adoption of P&E's High OFO Procedures

Reference: Direct Testimony of Steve Watson, page 6 lines 4-6

Please explain fully and in detail, why SoCalGas believes that "state wide consistency" in the calling of high OFOs would result in an improvement over the current situation for SoCalGas customers.

RESPONSE 01-06:

See Response 5. SoCalGas and SDG&E are just as concerned about consistency between its high OFO procedures and its low OFO procedures as it is with statewide consistency.

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QUESTION 01-07:

Adoption of PG&E's High OFO Procedures

Reference: Direct Testimony of Steve Watson, page 6 lines 4-6, 18-20, and Attachment A page 3 Table 1

- a. How many high OFOs did SoCalGas experience in the 2012-2013 storage season?
- b. How many high OFOs did PG&E experience during the 2012-2013 storage season?
- c. How many days did SoCalGas and PG&E experience (high) OFOs at the same time during the 2012-2013 storage season?
- d. How many high OFOs did SoCalGas experience during the 2013-2014 storage season?
- e. How many high OFOs did PG&E experience during the 2013-2014 storage season?
- f. How many days did SoCalGas and PG&E experience (high) OFOs at the same time during the 2013-2014 storage season?
- g. Has SoCalGas performed any backcasts of the amount of high OFOs it would have called during the 2012-2013 storage season and/or the 2013-2014 storage season had it been using the PG&E procedures for calling OFOs? If so, assuming no change in the amount of storage dedicated to the balancing feature (but assuming that transportation customers were only allowed to balance using the assets they had paid for, for that purpose (as per Mr. Watson's proposal on page 6 lines 18-20 of his direct testimony):
 - (i) How many OFOs would SoCalGas have experienced during the 2012-2013 storage season? If a breakdown of these by Stage 1, 2, 3, 4, 5, and EFO is available, please provide that breakdown, similar to Table 1 on page 3 of Attachment A
 - (ii) How many of these OFOs during the 2012-2013 storage season would have occurred on a date when PG&E had an OFO at the same time?
 - (iii) How many OFOs would SoCalGas have experienced during the 2013-2014 storage season? If a breakdown of these by Stage 1, 2, 3, 4, 5, and EFO is available, please provide that breakdown, similar to Table 1 on page 3 of Attachment A.

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(iv) How many of these OFOs during the 2013-2014 storage season would have occurred on a date when PG&E had an OFO at the same time?

h. If SoCalGas had been using the PG&E procedures for calling OFOs during the 2012-2013 storage season and the 2013-2014 storage season and been using the amount of storage then dedicated to the balancing feature, but had used total injection capacity for OFO balancing (as it currently does):

(i) How many OFOs would SoCalGas have experienced during the 2012-2013 storage season? If a breakdown of these by Stage 1, 2, 3, 4, 5, and EFO is available, please provide that breakdown, similar to Table 1 on page 3 of Attachment A.

(ii) How many of these OFOs during the 2012-2013 storage season would have occurred on a date when PG&E had an OFO at the same time?

(iii) How many OFOs would SoCalGas have experienced during the 2013-2014 storage season? If a breakdown of these by Stage 1, 2, 3, 4, 5, and EFO is available, please provide that breakdown, similar to Table 1 on page 3 of Attachment A.

(iv) How many of these OFOs during the 2013-2014 storage season would have occurred on a date when PG&E had an OFO at the same time?

RESPONSE 01-07:

a: Refer to SoCalGas' OFO events History page on ENVOY. Go to: envoy.sempra.com, and then go to Menu Item **Informational Postings**. Go to Subgroup **"Operations"**; Select Subgroup **"OFO Calculation"**; and then Select the **"Event History"** Menu Item.

b: See the Pipe Ranger Archive OFO Event URL:
<http://www.pge.com/pipeline/operations/ofo/ofoarch.page>

c: 9 high OFOs were called for the same flow days, but **not** necessarily during the same scheduling cycles.

d: See Response 7a.

e: See Response 7b.

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f: 6 high OFOs were called for the same flow days, but not necessarily during the same scheduling cycles.

g:

i-ii: No '12-'13 backcast was performed.

iii: 43. This likely overstates the frequency because it assumes no changes in customer behavior—that is, it assumes actual imbalances do not decrease with the potential for those imbalances to trigger low OFOs. SoCalGas and SDG&E do not have a Stage breakdown, since the backcast was performed based on actual imbalances.

iv: 4

h:

i-ii: No '12-'13 backcast was performed.

iii: Using all 850 MMcfd, 1. Of course, this is a completely unrealistic scenario since it would provide no firm injection to either core or unbundled storage customers.

iv: 0. Of course, this is a completely unrealistic scenario since it would provide no firm injection to either core or unbundled storage customers.

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QUESTION 01-08:

Restriction of Core to 83 Bcf of Inventory Including Imbalances

Reference: Direct Testimony of Steve Watson, page 9 lines 5-7, 16-18

- a. SoCalGas is proposing to drop the restriction of core “to using a maximum of 83 Bcf of inventory including imbalances since, like other customers, it could use positive 5% monthly imbalances in addition to its storage inventory.” Please explain why SoCalGas believes that the current arrangement in which core is restricted should be changed.
- b. Please discuss fully and in detail if monthly balancing were reduced from 10% to 5%, but Core continued to be restricted to 83 Bcf, as it is now, how much storage might be freed up for other uses, such as daily balancing and the unbundled storage program. Please include in your answer the effect on storage inventory, summer injection and withdrawal, and winter injection and withdrawal.
- c. Since, under SoCalGas’ proposal, Core would now be permitted to use 5% monthly imbalances, would it, under SoCalGas’ proposal be charged more for balancing inventory?

RESPONSE 01-08:

- a) If the core is expected to bear a portion of the cost of the inventory allocated to that function, it should be allowed to use it.
- b) A little under 2 Bcf of inventory.
- c) Core is not currently allocated any balancing inventory charges.

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QUESTION 01-09:

Interruptible Injection And Withdrawal Associated With Inventory Only Storage

Reference: Direct Testimony of Steve Watson page 12 lines 8-16

Please explain fully and in detail how grandfathered inventory-only contracts will be handled with respect to associated levels of interruptible injection and withdrawal services.

RESPONSE 01-09:

Currently, SoCalGas only has 1-year inventory-only contracts. The terms of those contracts would be honored until they expire.

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QUESTION 01-10:

Unbundled Storage Sharing Mechanism

Reference: Direct Testimony of Steve Watson, page 13-15

Of the \$26 million in unbundled storage revenues SoCalGas generated in 2014:

- a. Is it correct that the \$26 million was the total prior to incentive distributions under the revenue sharing plan? If not, please provide the pre-incentive distribution revenues
- b. How much of the \$26 million was generated by storage capacity?
- c. How much of the \$26 million was generated by storage injection?
- d. How much of the \$26 million was generated by storage withdrawal?
- e. How much, if any of the \$26 million was generated by other means, and what were those means?

RESPONSE 01-10:

a. Yes. The \$26 million, however, proved to ultimately be \$26.45.

b-e. Such a subdivision of revenues is not possible. Even inventory-only contracts use storage injection and withdrawal. And the prices for packages are a single reservation price. Component prices are not computed.

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QUESTION 01-11:

Unbundled Storage Sharing Mechanism

Reference: Direct Testimony of Steve Watson, pages 13-15

- a. How much storage inventory capacity was under contract in 2014?
- b. How much uncontracted storage inventory capacity was available for contract in 2014?
- c. How much firm storage injection capacity was under contract in 2014?
- d. How much uncontracted firm storage injection capacity was available for contract in 2014?
- e. How much firm storage withdrawal capacity was under contract in 2014?
- f. How much uncontracted firm storage withdrawal capacity was available for contract in 2014?
- g. Assuming SoCalGas' proposals in this TCAP are adopted, how much storage inventory capacity will be uncommitted and available for contracting in 2016, 2017, 2018 and 2019, if all expiring contracts are not renewed (including not being renewed under evergreen or other options)?
 - (i) How much of this capacity, in each year, could be renewed under evergreen or similar provisions?
- h. Assuming SoCalGas' proposals in this TCAP are adopted, how much storage injection capacity will be uncommitted and available for contracting in 2016, 2017, 2018 and 2019, if all expiring contracts are not renewed (including not being renewed under evergreen or other options)?
 - (i) How much of this capacity, in each year, could be renewed under evergreen or similar provisions?
- i. Assuming SoCalGas' proposals in this TCAP are adopted, how much storage withdrawal capacity will be uncommitted and available for contracting in 2016, 2017, 2018 and 2019,

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if all expiring contracts are not renewed (including not being renewed under evergreen or other options)?

- (i) How much of this capacity, in each year, could be renewed under evergreen or similar provisions?

RESPONSE 01-11:

- a. On November 1, 2014, 123.7 Bcf of storage inventory was under contract or allocated.
- b. On November 1, 2014, 13.4 Bcf of uncontracted storage inventory capacity was available for contract.
- c. On November 1, 2014, 836 MMcfd of storage injection was under contract or allocated.
- d. On November 1, 2014, 14 MMcfd of uncontracted firm storage injection capacity was available for contract.
- e. On November 1, 2014, 3,165 MMcfd of storage withdrawal was under contract or allocated.
- f. On November 1, 2014, 30 MMcfd of uncontracted firm storage withdrawal capacity was available for contract.
- g. Of the unbundled inventory in Table 3 of Mr. Watson's testimony, 6.2 Bcf is committed in 2016. After that, 2.3 Bcf is committed.
- h. Of the unbundled summer injection capacity in Table 3 of Mr. Watson's testimony, 59 MMcfd is committed in 2016. After that, 11 MMcfd is committed.
- i. Of the unbundled winter withdrawal capacity in Table 3 of Mr. Watson's testimony, 173 MMcfd is committed in 2016. After that, 76 MMcfd is committed.

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QUESTION 01-12:

Unbundled Storage Sharing Mechanism

Reference: Direct Testimony of Steve Watson, page 14 line 16 to page 15 line 3

- a. How much native gas has been produced by the SoCalGas native gas program in each of the past 5 years?
- b. What have been the gross and net revenues from SoCalGas' native gas program in each of the past 5 years?
- c. Please describe the Montebello salvage operation in detail
 - (i) What have been the expenditures to date for the operation?
 - (ii) What have been the revenues to date of the operation?
 - (iii) What does SoCalGas estimate the expenditures would have been absent the 50/50 revenue sharing mechanism?
 - (iv) What does SoCalGas estimate would have been the revenues to date absent the 50/50 revenue sharing mechanism?
 - (v) Please describe fully and in detail what actions SoCalGas has performed to increase the net revenues from the salvage operations which it would not had taken absent the 50/50 sharing mechanism.

RESPONSE 01-12:

- a. No native gas at Goleta has yet been produced due to permitting delays.
- b. See Response 12a.
- c.
 - i,ii. To date the net salvage value of the operations is \$11.3 M, to be shared equally between shareholder and ratepayer. That value will increase once the salvage operations end and the land/field is sold. (See response to ORA 6.1 at <http://socalgas.com/regulatory/documents/a-14-12-017/ORA-TCAP-SCG-06.pdf>.)
 - iii-v. SoCalGas and SDG&E are unable to respond to these hypotheticals.

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QUESTION 01-13:

Storage Posting Requirement

Reference: Direct Testimony of Steve Watson page 15 line 18 to page 16 line 8

Please describe fully and in detail the advantage(s) to SoCalGas of eliminating the storage posting requirements.

RESPONSE 01-13:

SoCalGas and SDG&E believe the postings are unnecessary. Eliminating the postings will reduce labor costs associated with the program.

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QUESTION 01-14:

Tariff Changes - Reference: Direct Testimony of Steve Watson

Please provide copies of the proposed changes to G-BTS and G-IMB which would occur in order to follow through on the proposals in Mr. Watson's testimony.

RESPONSE 01-14:

SoCalGas and SDG&E assume the request for a copy of proposed changes to G-BTS was intended to be for G-TBS. See attachment B of Mr. Watson's testimony for the redline of G-TBS.

For G-IMB, references to a "10%" tolerance band throughout the rate schedule would be changed to "5%." The references are in the Description of Service, Rates, and Standby Procurement Charge sections, as well as Special Conditions 6 and 12.

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QUESTION 01-15:

Rule 30

Reference: Direct Testimony of Steve Watson, Attachment, Rule 30, Sheet 3, paragraph D.3

According to Rule 30 paragraph D.3., “The Utility will schedule nominations for each Receipt Point and Backbone Transmission Zone to the maximum operating capacity of that individual Receipt Point or Backbone Transmission Zone.” (emphasis added).

If SoCalGas wants to make its high OFO rules more like PG&E will SoCalGas follow PG&E’s example of not constraining receipt points “during OFOs unless all other measures fail to balance the system. Customers are responsible for balancing their loads, and if they choose to bring in additional supplies during an OFO for high inventory, they do so at their own risk.”

http://www.pge.com/pipeline/library/ofo_efo_diversions/receipt/index.page

Under SoCalGas’ proposed new OFO rules, will SoCalGas decrease the maximum receipt point nominations of any individual receipt point when the system as a whole is facing over nomination problems, even if the individual receipt point is not?

RESPONSE 01-15:

Rule 30 paragraph D.3 will still be applicable for operating reasons. Unless OFO procedures fail to balance the system, SoCalGas will not further decrease the maximum receipt point nominations of any individual receipt point.

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QUESTION 01-16:

Mr. Watson states on page 7, lines 15-16, of his testimony that SoCalGas's goal for revising its High OFO procedure is "to decrease the frequency of High OFOs to a level seen on the SoCalGas and SDG&E's system." Please complete the below table comparing the number of High OFOs that would have occurred under the existing protocol to the proposed protocol.

RESPONSE 01-16:

The question misstates Mr. Watson's testimony. The goal for change in high OFO procedures is not to reduce the frequency of high OFOs. Rather, given the necessary change in high OFO procedures, Lines 13-16 say "we are recommending an increase in storage assets allocated to the year-round low/high daily balancing functions in order to (1) decrease the frequency of low OFOs to a level seen on PG&E system and decrease the frequency of high OFOs to a level seen on SoCalGas' system; and (2) increase the tolerances that can be permitted under Stages 1-3."

Year	SoCalGas/SDG&E		
	# High OFOs under Existing High OFO Protocol	# High OFOs under Proposed High OFO Protocol	Difference
2011	42	47	5
2012	57	51	-6
2013	35	42	7
2014	54	42	-12
2015 to (May 31st)	48	5	-43

Any backcast is precarious since customer behavior would change. The table above assumes customer imbalances do not change even though such imbalances could trigger high OFOs. Maintenance issues in April/May of 2015 make those results somewhat anomalous.

**TRIENNIAL COST ALLOCATION PROCEEDING PHASE 1 APPLICATION
OF SOUTHERN CALIFORNIA GAS COMPANY &
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES EFFECTIVE JANUARY 1, 2016**

(A.14-12-017)

(1st DATA REQUEST FROM THE INDICATED SHIPPERS)

QUESTION 01-17:

Please admit or deny that the current High OFO procedure has led to system instability.

- a. If admit, please separately detail the date, time, location, duration, and impact on core customers of any and all purported system instability.
- b. If admit, please separately detail the date, time, location, duration, and impact on non-core customers of any and all purported system instability.

RESPONSE 01-17:

If by instability one means an end-use curtailment risk of some sort, then we deny that the current High OFO procedures create such a risk.

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(A.14-12-017)

(1st DATA REQUEST FROM THE INDICATED SHIPPERS)

QUESTION 01-18:

Please admit or deny that the current High OFO procedure has caused any system-wide curtailments:

- a. If admit, please separately detail the date, time, duration, and impact on core customers of any and all purported system-wide curtailments caused by the current High OFO procedure.
- b. If admit, please separately detail the date, time, duration, and impact on non-core customers of any and all purported system-wide curtailments caused by the current High OFO procedure.

RESPONSE 01-18:

See Response 17.

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(A.14-12-017)

(1st DATA REQUEST FROM THE INDICATED SHIPPERS)

QUESTION 01-19:

Please admit or deny:

- a. That the impact of the standby curtailments for winter season 2013-2014 turned underdeliveries into overdeliveries.
- b. That standby curtailments can be called at any time.
- c. That the non-core class, not the core class, bears the burden or risk of standby curtailments.

If deny, please detail the impacts on the core class of standby curtailments.

RESPONSE 01-19:

- a. Admit for a few, but not all, of those days. Less stringent penalties under the low OFO procedures will mitigate against such a market overreaction.
- b. Deny.
- c. Deny. All customer classes must comply with standby curtailment rules which are designed and implemented to preserve system reliability. The CPUC has established core reliability as having a higher priority than noncore reliability.

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(A.14-12-017)

(1st DATA REQUEST FROM THE INDICATED SHIPPERS)

QUESTION 01-20:

Please clarify whether it is Sempra's proposal that the proposed restriction on monthly balancing and the revisions to Rule 30 be implemented on January 1, 2016 or on January 1, 2017.

RESPONSE 01-20:

January 1, 2016.