

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY
& SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS
IN THE 2027 COST ALLOCATION PROCEEDING (A.25-09-014)
DATA REQUEST SET IS-SCG-06 FROM INDICATED SHIPPERS
DATED FEBRUARY 20, 2026
SOCALGAS RESPONSE DATED: MARCH 6, 2026**

Question 6-1.

Please reference pages FS-MSP-1 at Line 15, and FS-MSP-5 at Lines 11-13, of Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs.

- a. Please provide the estimated timing and cost required for Applicants to update the embedded cost study with 2025 recorded data.

Response a.

The embedded cost study relies on final, audited 2025 recorded data, which will not be available until the 2025 FERC Forms are released, which is expected to be in April. Any estimate regarding timing or cost would be speculative.

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Question 6-2.

Please reference page FS-MSP-1 of Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs, at Lines 17-19, where the witnesses state:

Local Transmission: Pipelines which receive gas supply from the backbone transmission system or storage, and redeliver that supply to the distribution system and end-use customers.

- a. Please confirm whether the embedded cost study assumes Local Transmission will directly serve the Medium Pressure Distribution systems.

Response a.

No. The embedded cost study does not make any operational assumption regarding distribution plant assets nor incorporate any distribution plant data.

- b. If Applicant's response to subpart a. above is affirmative, please provide a list of all Medium Pressure Distribution lines served directly by Local Transmission, including both the line numbers and the names of the Medium Pressure Distribution lines.

Response b.

N/A

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Question 6-3.

Please reference pages FS-MSP-7 through FS-MSP-9 of Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs, Tables FS-MSP-2, -3 and -4.

- a. Please provide Tables FS-MSP-2, -3 and -4 with the Transmission function values broken out into Backbone Transmission and Local Transmission.

Response a.

Applicants object on the ground the request is vague, overbroad, and outside the scope of Applicants' sponsored showing. It would require new analyses and tables not contained in the served testimony or workpapers. Subject to and without waiving the foregoing, Applicants provide the following response: As Chapter 8 explains, only Transmission is separated functionally into Backbone and Local Transmission; extending that split to other functions (e.g., Storage or Customer-related) are not applicable.

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Question 6-4.

Please reference page FS-MSP Appendix A-1 of Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs.

- a. Please provide a breakdown of each Transmission function line items (FERC Accounts 365-372) between Backbone Transmission and Local Transmission subcategories. If breakdown is not feasible for some FERC Accounts, please provide a detailed explanation describing the infeasibility.

Response a.

Please see excel SCG Embedded Cost Model_Public_Draft, tab "LT & BBT" columns R through AD. The file was provided in response to IS-01. See file, Ch 8 Seres_Schmidt-Pines_SCG Embedded Cost Model_2027 CAP_NL.

Question 6-5.

Please reference Table FS-MSP-8 on page FS-MSP-12 of Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs. Please also reference Table 26 in Chapter 8 Workpapers to the Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Embedded Costs.

- a. Please confirm that the functional allocations of embedded costs in these tables include Asset Retirement Obligation (ARO).

Response a.

AROs are included in capital costs.

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Question 6-6.

Please reference footnote 42 on page FS-MSP-22 of Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs, where the witnesses state:

To determine the primary function of a particular pipeline, SoCalGas’s engineers, the engineers responsible for the long-term plan and design of the transmission system examined every pipeline in the transmission plant account for both utilities, and used their knowledge of the design, operation, and flow on the SoCalGas and SDG&E system to classify each pipeline. The backbone and local transmission pipelines are listed in Appendix D.

- a. Please provide a revised version of Appendix D that includes pipeline numbers, SoCalGas/SDG&E pipeline name (if any), Maximum Allowable Operating Pressure (MAOP), normal summer operating pressure and pipeline length for each Backbone and Local pipeline listed on Appendix D.

Response a.

As an initial matter, Appendix D already identifies the Backbone and Local Transmission pipelines by pipeline number. In addition, pipeline length (footage) is available in Applicants’ embedded cost workpapers page 5, or excel SCG Embedded Cost Model_Public_Draft (tab “LT & BBT,” column M, or table in column Z through AD) .

Further, pipeline name, MAOP, and normal summer operating pressure are not used for the Appendix D classification and are not in the embedded cost workpapers. Compiling and validating them for all pipelines would require a manual, pipeline-by-pipeline effort that is unduly burdensome and is irrelevant to transmission functionalization.

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Question 6-7.

Please reference f on page FS-MSP-26 of Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs. Please also reference page 13 (2022-2024 BB to LT Calculations) in Chapter 8 Workpapers to the Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Embedded Costs.

In the Workpaper, SoCalGas uses summer peak day total Electric Generation (EG) demand and Backbone-connected (BB) metered summer day demand to back-calculate Local Transmission (LT) connected EG peak summer day demand. SoCalGas then multiplies the peak summer day LT/Total EG fraction by the annual average combined BB and LT EG demand as a percentage of total annual average demand.

- a. Please explain why SoCalGas chose to use a peak summer day allocator multiplied by annual average demand instead of the peak summer day BB allocator of 31% (100% - 69% Average A).

Response a.

Throughout the cost allocation process, peak demand conditions are used to allocate costs for the service provided, such as the peak day winter demand for the core market segment. In this case, SoCalGas examined EG usage during a peak summer day because that represents a condition where the electric infrastructure is most stressed and gas-fired generation is critical to maintain grid stability. SoCalGas found that on these recent peak summer days, 69% of the EG demand was from power plants served from the local transmission (LT) system.

Separately, SoCalGas found that 30% of the recorded annual throughput on its system is attributed to EG demand. Combined with the evaluation of the peak summer day and recognizing that gas supply used on the LT system must be transported through the backbone (BB) transmission system, 69% of the EG demand, or 20%, represents the percentage of service provided by the BB system to LT plants. It is therefore proper to reallocate 20% of the embedded costs from the BB system to the LT system to reflect this service.

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It would be inadequate to simply use the metered annual average BB demand for this allocation as IS suggests because that would dampen and mask the summer peak day demand when use of the SoCalGas system is critical to the EG market.

SoCalGas does not agree that there is zero overlap between the BB and LT systems. While it is accurate that a BB asset can be physically distinguished from an LT asset, all gas supplies used on the LT system are transported through the BB system as previously stated.

- b. Please explain why SoCalGas chose to use a peak summer day allocator multiplied by annual average demand instead of using actual metered annual average BB demand as a percentage of total annual average demand.

Response b.

See response a.

- c. Please explain the logic of implying an LT function served by the Backbone system based upon EG load served from the LT system, when they are two distinct systems with zero overlap and connected EG load on both systems is subject to change over time.

Response c.

See response a.

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Question 6-8.

Please reference page FS-MSP-24 of Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs, at Lines 12-14, where the witnesses state:

For a segment of customers, primarily Electric Generation (EG) facilities directly served by BBT assets, the backbone infrastructure performs both its primary backbone role and an additional local transmission role.

- a. Please provide a detailed explanation as to how SoCalGas's natural gas service to a BB-connected EG facility served at higher BB pressures, is similar to an LT-connected EG facility, excluding any dedicated, purpose-built facilities that may be necessary to serve either the BB- or LT-connected facilities.

Response a.

Applicants object to the extent that the question mischaracterizes the testimony by asking for a physical equivalence comparison. The testimony does not state that BB-connected and LT-connected EG facilities are physically the same or served at the same pressure; it states that, for certain EG loads, BBT assets perform an additional Local Transmission function.

- b. Please provide a citation to FERC Uniform System of Accounts, or other regulatory accounting authority, supporting SoCalGas's proposed reallocation of costs from BB to LT.

Response b.

Backbone to local transmission reallocation is a CPUC ratemaking cost allocation step grounded in cost-causation, the request for a USAOA authorization is misdirected.

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Question 6-9.

Please reference page FS-MSP-25 of Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs, at Lines 6-7, where the witnesses state:

Analyzing a summer peak day is vital to understanding how SoCalGas/SDG&E's EG customers' facilities are used to their maximum extent.

Please also reference page FS-MSP-26 of Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs, at Lines 2-4, where the witnesses state:

SoCalGas has undertaken a detailed analysis to align costs with the actual services provided by its backbone pipelines, identifying the portion that inherently serves a local transmission function. By reallocating \$116.4 million (20 % of the \$569.3 million combined backbone base) to Local Transmission and retaining \$452.9 million in the Backbone function, SoCalGas upholds cost causation principles while ensuring correct cost allocation.

- a. Please provide a definition for the term “actual services”, listing the individual services normally provided by SoCalGas to its various customer classes.

Response a.

In this testimony, “actual services” refers to the service provided by the backbone transmission infrastructure not a list of all customer class services.

- c. Please explain how the costs of providing the “actual services” can migrate from the lower pressure LT system to the higher pressure BB system, assuming that the current LT and BB rate designs appropriately reflect cost-causation.

Response b.

Applicants object to the extendt that the question mischaracterizes the testimony by suggesting costs “migrate” between LT and BB. Subject to and without waiving

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the foregoing, Applicants respond as follows: Testimony describes reallocation not migration, a portion of BB costs is assigned to LT because assets are performing an additional LT function consistent with cost causation.

Question 6-10.

Please reference page FS-MSP-27 of Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs, at Line 1, where the witnesses state:

The backbone transmission revenue requirement 1 is \$482.5 million.

Please also Tables 26, 27 and 28 in Chapter 8 Workpapers to the Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Embedded Costs.

- a. Please provide a reconciliation of \$482.5 million revenue requirement value with the \$427.92 million scaled revenue value shown in the referenced tables.

Response a.

The \$427.92 million shown in Table 26-28 is the SoCalGas Backbone BTS amount in the scaled embedded cost results($\$398.042 \text{ million} \times 107.506\% \text{ scaler} = \427.920 million) and is pre-System integration (SoCalGas only).

The \$482.5 million cited in the testimony is Post-System integration, the combined Applicants Backbone BTS revenue requirement : \$427.92 million (SoCalGas) + \$54.963 million (SDG&E. which is shown in Table FS-MSP-28, page FS-MSP-35) - \$0.41 (Franchise Fees & Uncollectible Adjustment from SDG&E to SoCalGas) = \$482.5 million

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Question 6-11.

Please reference page E-2 in Appendix E to Chapter 8, Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines, Cost Allocation and Embedded Costs.

- a. Please confirm that the reference to Appendix A, Table FS-MSP-1 is correct.

Response a.

The cited reference is not correct. The correct citation should have been Appendix E, "Storage Allocation by Function," table immediately above.