

**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-08 FROM INDICATED SHIPPERS
DATED APRIL 3, 2026
SOCALGAS RESPONSE DATED: APRIL 17, 2026**

Question 8-1.

Please reference pages PDB-12 & PDB-13 of Chapter 10, Prepared Direct Testimony of Paul D. Borkovich, Off-System Delivery and Backbone Transportation Service Proposals, where Mr. Borkovich states:

SoCalGas proposes confirming BTS nominations up to the Total Net System Capacity during the Evening, Intraday 1, Intraday 2, and Intraday 3 cycles regardless of a Gas Day's OFO status when total nominations exceed the Total Net System Capacity. SoCalGas and SDG&E currently confirm BTS nominations up to the Total Net System Capacity during the Intraday 1, Intraday 2, and Intraday 3 cycles for Gas Days in which an OFO was declared, and only during the Intraday 3 cycle on Gas Days in which an OFO was not declared.

Delaying the confirmation of BTS nominations up to the Total Net System Capacity in later scheduling cycles allows nominations of a lower confirmation order to be scheduled in earlier scheduling cycles, thereby displacing nominations of a higher confirmation order in later cycles, due to the elapsed pro-rata rules. Approval of this proposal would allow SoCalGas firm BTS customers a better opportunity to schedule gas under their higher confirmation order contracts, not just in earlier scheduling cycles, but in later scheduling cycles too and for SoCalGas BTS to better conform with accepted industry practices.

- a. Please confirm whether SoCalGas is proposing any changes to the confirmation order and bumping rules set forth in Section D.3 of SoCalGas's Rule 30.

Response a.

No. SoCalGas is not proposing any changes to the confirmation order or the bumping rules set forth in Section D.3 of SoCalGas's Rule 30.

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- b. Please confirm whether the following statements are true:
1. SoCalGas's Operational Flow Order ("OFO"; high or low) mechanism is currently a purely financial mechanism for managing available net system capacity and will have no direct impact on shipper confirmations and scheduling; shippers must take action to impact nominations and scheduling.
 2. Under SoCalGas's proposed changes to the confirmation process, SoCalGas's OFO mechanism will remain a purely financial mechanism for managing available net system capacity and will have no direct impact on shipper confirmations and scheduling; shippers must take action to impact nominations and scheduling.
 3. The Elapsed Pro -Rata Rules are designed to protect gas that has already been confirmed and flowed/flowing during previous nomination cycles, for both Firm and Interruptible nominations.

Response b.

1. The description of SoCalGas's Operational Flow Order ("OFO"; high or low) mechanism as a purely financial mechanism for managing available net system capacity is inaccurate. OFO declarations are operational reliability tools that are used to maintain system integrity. They are declared to address physical supply imbalances where aggregate receipts are either exceeding or falling short of system demand.

Although OFO declarations are associated with corresponding noncompliance charges, these charges function as compliance incentives to encourage corrective action by market participants to drive behavior to restore operational balance. OFO declarations are not used to manage system capacity.

With respect to shipper confirmations and scheduling, the statement is largely accurate but not fully complete. It is true that shippers must take action to impact nominations. However, confirmations and allocations (scheduling) are determined not only by shippers' nominations but also by established rules.

On a High OFO day, SoCalGas has existing authority to reduce shippers' nominations to the Total Net System Capacity during the confirmation process, beginning Cycle 3 (Intraday 1), when aggregate nominations exceed the Total Net

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System Capacity. In these circumstances, the High OFO enables cuts to nominations to protect system reliability.

On a non-High OFO day, similar reductions to nominations relative to the Total Net System Capacity occur during the confirmation process, beginning in Cycle 5 (Intraday 3), when aggregate nominations exceed the Total Net System Capacity.

2. See Response 8-1.b.1.
3. Yes, the Elapsed Pro-Rata Rules are designed to protect gas that has already flowed or is flowing during previous nomination cycles, for both Firm and Interruptible nominations.

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- c. Indicated Shippers interpretation of SoCalGas’s proposal is that, on both OFO and non-OFO days, the following impacts on shipper confirmations and scheduling will occur:
1. Interruptible nominations will continue to be cut first, up through the Intraday 2 Cycle, subject to the Elapsed Pro-Rata Rules;
 2. Interruptible nominations will be subject to cuts during Evening Cycle, on both OFO and non-OFO days.
 3. Lower-ranked firm nominations will likely be subject to cuts earlier in time (i.e., during Evening Cycle on OFO days, and during Evening, Intraday 1 and Intraday 2 cycles on non-OFO days) if total nominations exceed Total System Capacity during any of those cycles;
 4. All else equal, there will be no net impacts to the proportional volume of cuts between Firm and Interruptible nominations, compared with the current confirmation process.

Please confirm whether each of the above interpretations is accurate. If any interpretation is incorrect or incomplete, please explain Indicated Shippers’ error in interpretation and describe SoCalGas’s expected impacts on shipper confirmations and scheduling.

Response c.

1. Yes.
2. Yes.
3. Yes.
4. No. The proposal is expected to reduce lower priority elapsed pro rata scheduled quantities (EPSQ) due to earlier, consistent confirmation of nominations to system capacity limitations regardless of OFO status.

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- d. In the extreme scenario where every shipper, both Firm and Interruptible, ranked all of its contracts as highest priority (i.e., “1”), what would be the impacts on proportional volume of cuts between Firm versus Interruptible under SoCalGas’ proposal compared with the current confirmation process?

Response d.

See Response 8.1.c.4.