

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY  
& SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR  
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS  
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DATA REQUEST SET 4 FROM –TURN DATED MARCH 27, 2026  
SOCALGAS RESPONSE DATED: APRIL 15, 2026**

**Question 4-1. Re: Embedded Cost Model for SoCalGas, Tab “FERC Accounts and Exclusions,” line 62, “904 Cus Acct-Uncollectible Accounts.”**

- a) Are these the same “uncollectibles” as typically defined in CPUC ratemaking that are often combined with Franchise Fees (“FF&U”) as an adder to rates? If not, please explain what these “Uncollectible Accounts” represent.
- b) Why are these Account 904 costs not treated as Exclusions in the same manner as Account 927 “Franchise Requirements” and zeroed out for purposes of the Embedded Cost study?
- c) In Chapter 8 of the testimony, in Table FS-MSP-27 on page FS-MSP-34, “Uncollectibles” in Column B are added to “Scaled EC Revenues” in Column A as part of the cost allocation. Please explain fully why it does not represent double counting to both include Account 904 Uncollectible Accounts in the embedded cost study and also add Uncollectibles as a separate line item.
- d) Why are the dollar amounts shown for Account 904 in the Embedded Cost Model for SoCalGas, Tab “FERC Accounts and Exclusions”, line 62 so different from the dollar amount of Uncollectibles shown in Column B of Table FS-MSP-27?

**Response**

- a) No. The Uncollectibles in rates is based on the ten-year rolling average methodology adopted in D.24-12-074. The amount in Account 904 represents 2024 recorded uncollectibles.
- b) Account 927 is excluded because Chapter 8 removes franchise fees from A&G. While Customer Accounts expense, O&M accounts 901 through 910 is included, subject only to non-base margin exclusions.
- c) This is not double counting. Chapter 8 states the scalar excludes costs directly allocated to Uncollectibles, and only after scaling are Uncollectibles added in. See Table FS-MSP-27, Col. B. (Ch. 8, p. FS-MSP-32, lines 4-15; p. FS-MSP-35, Table FS-MSP-27.) The reason that Uncollectibles are subtracted from SoCalGas costs is that the Wholesale

**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 4 FROM –TURN DATED MARCH 27, 2026  
SOCALGAS RESPONSE DATED: APRIL 15, 2026**

customers are not allocated uncollectibles.

- d) The amounts differ because the workpaper line is 2024 recorded FERC account amount, while Table FS-MSP-27, Col. B is based on Advice No. 6430-A, SoCalGas updates its uncollectible expense rate of 0.375%, based on the ten-year rolling average methodology adopted in D.24-12-074.

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY  
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NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS  
IN THE 2027 COST ALLOCATION PROCEEDING (A.25-09-014)  
DATA REQUEST SET 4 FROM –TURN DATED MARCH 27, 2026  
SOCALGAS RESPONSE DATED: APRIL 15, 2026**

**Question 4-2**

Are the costs that are recovered through the core brokerage fee excluded from the Embedded Cost study? If so, please explain where and how this exclusion shows up in the Embedded Cost model. If not, wouldn't these costs be recovered twice, once through the embedded cost allocation and again via the brokerage fee? Please explain fully, including why these dollars are not excluded from the Embedded Cost study.

**Response**

As stated in Direct Testimony of F. Seres and M. Schmidt-Pines (Chapter 8), the Embedded Cost study allocates Base Margin excluding costs recovered through separate balancing accounts or other rate mechanisms at FS-MSP-3, lines 2-4. These exclusions include costs recovered through the core brokerage fee, and as such, the core brokerage fee is subtracted from the base margin prior to the customer class allocation. Furthermore, FERC Account 807, which is the account in which Gas Acquisition costs settle, is completely excluded from the Embedded Cost study.

**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 4 FROM –TURN DATED MARCH 27, 2026  
SOCALGAS RESPONSE DATED: APRIL 15, 2026**

**Question 4.3**

In the Embedded Cost Model for SoCalGas, under the Tab “Return”, Columns O and P show the labor dollars by function used to allocate A&G and General Plant, including 0.92% assigned to “Gas Supply”. However, in the “Embedded Cost Summary” Tab, the A&G allocation percentages shown in Columns L through P and Rows 88 through 98 show that a total of 82.1% of A&G costs are allocated to Distribution and Customer functions, versus 81.2% in the Return tab.

- a. Was the Gas Supply percentage lumped in with the Distribution and Customer percentages for purposes of the ultimate A&G allocation?
  - i. If so, please explain why.
  - ii. If not, please explain where the 0.92% of A&G (and General Plant) costs otherwise allocable to Gas Supply on the basis of labor dollars ended up in the final allocation.

**Response**

Yes. The 0.92% Gas Supply shown on the Return tab is an intermediate payroll breakout, not a separate final embedded-cost function. Direct Testimony of F. Seres and M. Schmidt-Pines (Chapter 8) notes that SoCalGas final embedded-cost study allocates costs across only five functions, Storage, Transmission, Customer-related, HP Distribution, and MP Distribution, and table FS-MSP-6 p. FS-MSP-11 shows the final A&G labor allocators for those functions.

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& 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 4 FROM –TURN DATED MARCH 27, 2026  
SOCALGAS RESPONSE DATED: APRIL 15, 2026**

**Question 4.4**

In various places in the Embedded Cost model there are references to “Scenario 4”. Did the Sempra Utilities run other scenarios in its model other than the one presented in the testimony and workpapers? If so, please describe those other scenarios and provide the results. If not, what is the meaning of “Scenario 4” in this context?

**Response**

Embedded Cost model workbook was developed relatively recently. Applicants presented it during Applicants’ workshops Applicants provided in advance of its application filed in this CAP (which workshops were held pursuant to the settlement agreement adopted by the Commission in D.24-07-009) and “Scenario 4” functions as an internal reference label, not as an indication that SoCalGas ran four distinct study scenarios. The label is simply part of the workbook’s organizational structure and does not reflect separate cost-allocation cases beyond those actually presented in testimony and supporting workpapers.

**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 4 FROM –TURN DATED MARCH 27, 2026  
SOCALGAS RESPONSE DATED: APRIL 15, 2026**

**Question 4.5**

In the response to TURN Data Request #2, Question 23, the Utilities stated that they relied on Table 41 from the 2024 California Gas Report (CGR) for the forecast of average daily demand in a 1-in-10 cold and dry year, and further stated that Electric Generation demand represented 119.0 MMcf/day of the total demand in shown in that Table. Please quantify the Electric Generation (EG) portion of Noncore Demand for each year shown in Table 41 of the 2024 CGR. Upon which year was the answer of 119 MMcf/d based?

**Response**

119.0 MMcf/d represented the 2024 Electric Generation contribution to Wholesale & International 1-in-10 Cold Temperature Year and Dry Hydro Year Annual Gas Requirements (2024 CGR Table 41). See TURN-004\_4\_5.xlsx for Noncore and Wholesale & International 1-in-10 Cold Temperature Year and Dry Hydro Year Annual Gas Requirements (2024 CGR Table 41).

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY  
& SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR  
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS  
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DATA REQUEST SET 4 FROM –TURN DATED MARCH 27, 2026  
SOCALGAS RESPONSE DATED: APRIL 15, 2026**

**Question 4.6**

Figure 28 on page 187 of the 2024 CGR shows in graphic form EG gas demand on the SDG&E system forecasted for five specific years under “base” and 1-in-10 dry hydro conditions. Please provide the actual numbers on which the graphic is based.

**Response**

See TURN-004\_4\_6.xlsx.

**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 4 FROM –TURN DATED MARCH 27, 2026  
SOCALGAS RESPONSE DATED: APRIL 15, 2026**

**Question 4.7**

Re: Your response to TURN Data Request #2, Questions 6a and 6b: If the Utilities were able to produce the data in Table 41 and Figure 28 of the 2024 CGR for EG gas demand under 1-in-10 cold and/or dry conditions, why are its forecasts of average year and adverse year EG demand in this case exactly the same?

**Response**

As stated on note 1 on page 168 under Table 41 in the 2024 California Gas Report, SoCalGas's demand forecast of 1-in-10 cold temperature year and dry hydro year is used to evaluate the backbone transmission capacity and slack capacity in compliance with CPUC Decision (D.) 06-09-039. No such requirements has existed for Cost Allocation Proceedings.

**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 4 FROM –TURN DATED MARCH 27, 2026  
SOCALGAS RESPONSE DATED: APRIL 15, 2026**

**Question 4.8**

Re: Your response to TURN Data Request #2, Question 25: How was the “rate cap” for Gas Engines of \$0.29140/therm determined. Please provide any required calculations.

**Response**

The Gas Engine rate is calculated by dividing Gas Engine transportation revenue subject to the Rate CAP by the Gas Engine average annual throughput.

Gas Engine rate = \$4,946 million divided by 16,975 Mth

The Gas Engine transportation revenue subject to the rate cap is derived by GHG Costs added to G-EN Cap less EE& RDD Rate.

EE & RDD Rate	0.10130
GHG Costs	0.18886
G-EN Cap (incl EE & RDD)	0.20384
Rate Cap	0.29140

Then the Rate cap is multiplied by the average year volume of 16,975 Mth/year. This equals \$4,946 million.

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY  
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NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS  
IN THE 2027 COST ALLOCATION PROCEEDING (A.25-09-014)  
DATA REQUEST SET 4 FROM –TURN DATED MARCH 27, 2026  
SOCALGAS RESPONSE DATED: APRIL 15, 2026**

**Question 4.9**

Re: Your response to TURN Data Request #2, Question 9:

- a) Please provide the blacked out-figures for the years 2008-2010.
- b) Please define and explain each of the line item elements of “Total Costs” and “Total Revenue” in the table provided in your answer, including but not limited to the “Requirement” shown in the third and sixth lines under Costs.

**Response**

a)

Year	2008	2009	2010
<b>Beginning Balance</b>	0	(2,422,629)	(2,850,861)
Non-OSD O&M Costs	81,944	451,354	
Non-OSD Capital Revenue Requirement	(2,113,291)	(498,477)	3,201,088
OSD O&M Costs			
OSD Capital Revenue Requirement			
<b>Total Costs</b>	<b>(2,031,347)</b>	<b>(47,123)</b>	<b>3,201,088</b>
OSD Revenue			
Transportation Revenues	(354,000)	(366,000)	(366,000)
Amortization			2,972,013
<b>Total Revenue</b>	<b>(354,000)</b>	<b>(366,000)</b>	<b>2,606,013</b>
<b>Interest</b>	<b>(37,282)</b>	<b>(15,109)</b>	399
<b>Ending Balance</b>	<b>(2,422,629)</b>	<b>(2,850,861)</b>	<b>2,956,639</b>

b)

The "Non-OSD O&M Costs" and "Non-OSD Capital Revenue Requirement" line items are revenue requirements associated with expenditures incurred that are directly related to implementing new or enhanced computer systems to comply with D.06-12-031 and D.07-12-019.

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& SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR  
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS  
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DATA REQUEST SET 4 FROM –TURN DATED MARCH 27, 2026  
SOCALGAS RESPONSE DATED: APRIL 15, 2026**

The "OSD O&M Costs" and "OSD Capital Revenue Requirement" line items are revenue requirements associated with D.11-03-029, which authorized SoCalGas to record system modifications costs in providing interruptible and firm off-system delivery (OSD) services.

The 'OSD Revenues' are any OSD revenues which SoCalGas collected as a result of providing OSD services.

The 'Transportation Revenue' are Capital revenue requirement recovered in transportation rates associated with the Non-OSD projects that were included in the TY 2008 GRC authorized revenue requirement.