**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) and SAN DIEGO GAS & ELECTRIC COMPANY (U 902 G) for authority to revise their natural gas rates and implement storage proposals effective January 1, 2027 in this Cost Allocation Proceeding	A.25-09-014

SOUTHERN CALIFORNIA GENERATION COALITION PROTEST OF THE COST ALLOCATION PROCEEDING APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY AND SAN DIEGO GAS & ELECTRIC COMPANY

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I. INTRODUCTION

In accordance with Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Southern California Generation Coalition ("SCGC") respectfully submits this Protest of the September 30, 2025 *Cost Allocation Proceeding Application of Southern California Gas Company ("SoCalGas") and San Diego Gas & Electric Company ("SDG&E")* ("Application").

In the Application, SoCalGas and SDG&E ("jointly, Applicants") initiate a Cost Allocation Proceeding ("CAP") to revise rates for gas services and to implement gas storage-related proposals for the three-year period January 1, 2027, through December 31, 2029. The Applicants propose an allocation of costs among customer classes, broadly categorized as core customers and noncore customers. Additionally, the Applicants propose material changes to the current allocation of inventory, injection, and withdrawal capacities among the four primary storage services, core service, balancing service, unbundled storage service, and wholesale service.

SCGC members own and operate electric generation facilities that are located in the SoCalGas service territory. SoCalGas's proposed allocation of costs and storage-related proposals would affect the rates charged to SCGC members for SoCalGas gas transmission and storage services and would affect the storage-related services available to SCGC members. Accordingly, SCGC members may be affected by the grant, in whole or in part, of the authority sought in the Application. SCGC believes that the Application or a part of it is not justified and request an evidentiary hearing.

II. REASONS WHY SCGC BELIEVES THE APPLICATION IS NOT JUSTIFIED AND REQUEST AN EVIDENTIARY HEARING.

At this early stage of this proceeding, SCGC has conducted preliminary discovery but has not fully developed positions on issues that SCGC may raise at a later time during this proceeding. However, in accordance with Rule 2.6(b), SCGC is able to present reasons why SCGC believes the Application or a part of it is not justified.

A. SoCalGas Misleadingly Proposes that its Cost Allocation Proposals Would Result in Decreases from "Normalized" Class Average September 1, 2025 Rates.

In Chapter 12 of its supporting testimony, SoCalGas presents "normalized" class average September 2025 rates and proposes 2027-2029 illustrative rates.[1] Witness Michael Foster claims that SoCalGas illustrative rates for 2027-2029 would be lower for Natural Gas Vehicle ("NGV"), noncore, Electric Generation ("EG"), and Backbone Transmission Service ("BTS"). However, his comparison of illustrative 2027-2029 rates is to *normalized* rather than *actual* September 1, 2025 rates. For example, witness Forster claims that the "*normalized*" class average EG TLS September 1, 2025 rate of $0.08146/therm would *decline* by ($0.00706) or -8.7 percent to

[1] Prepared Direct Testimony of Michael Foster ("Foster Testimony"), p. MF-6, Table MF-1 (November 30, 2025).

$0.07440. Likewise, witness Foster claims that the "*normalized"* class average BTS September 1, 2020 rate of $0.78773/Dth would *decline* by ($0.14978) or -19.9 percent to $0.63795.[2]

Witness Forster's comparison of illustrative 2027-2029 rates to "normalized" September 1, 2025 rates is misleading. SCGC's preliminary analysis of witness Foster's testimony and workpapers preliminarily shows, for example, that the EG-TLS rate (excluding CARB fees and cap and trade costs) would *increase* from $0.6882/Dth by $0.1605/Dth or 23.3 percent to $0.0847/Dth. SCGC requested a reconciliation of the "normalized" September 1, 2025 rates to actual September 1, 2025 rates but has not been successful in obtaining a reconciliation. At this early stage of the proceeding, SoCalGas has failed not only to justify the reallocation of costs proposed in the Application, but SoCalGas has failed to explain adequately the effect of its proposed reallocations on actual September 1, 2025 rates.

B. SoCalGas Fails to Provide Adequate Support or Justification for its Proposed Replacement of the Storage and Balancing Regime that was Negotiated and Approved in the Test Year 2024 CAP.

SoCalGas proposes to reduce the capacities for storage inventory, for summer and winter injection, and for summer and winter withdrawal:

- SoCalGas reduces inventory capacity from 119.5 Bcf by 0.7 Bcf to 118.8 Bcf.
- SoCalGas reduces summer injection capacity of 800 MMcfd by 342 MMcfd to 458 MMcfd.
- SoCalGas reduces winter injection capacity of 550 MMcfd by 21 MMcfd to 529 MMcfd.
- SoCalGas reduces summer withdrawal capacity of 1,900 MMcfd by 113 MMcfd to 1,787 MMcfd.

[2] *Ibid.*

- SoCalGas reduces winter withdrawal capacity of 2,400 MMcfd by 574 MMcfd to 1,826 MMcfd.[3]

SoCalGas claims that the reductions are due "a lower working inventory available at Aliso Canyon and Playa Del Rey."[4] SoCalGas says that Playa Del Rey working inventory capacity is reduced from 2.4 Bcf by 0.7 Bcf to 1.7 Bcf "due to water intrusion issues."[5] However, SoCalGas's assumes that Aliso Canyon has a working inventory capacity of 68.6 Bcf, the same as assumed in the Commission's Decision, ("D.") 24-007-009, approving the settlement in the Test Year 2024 CAP.[6]

Additionally, SoCalGas argues that its proposed new summer and winter injection and withdrawal capacities are set at the 2024-2025 median.[7] The result is that the allocations of capacity to the four-storage services, core, balancing, UBS, and wholesale, decrease in comparison to the A.22-09-015 settlement. The settlement allocations are the following:

	Inventory BCF	Withdrawal		Injection	
		Winter	Summer	Summer	Winter
Core	80.03	1890	606	392	150
Balancing	12	400	1225	345	345
UBS	25	50	50	50	50
Wholesale	2.47	60	19	13	5
Total:	119.5	2400	1900	800	550

[8]

The reduced allocations that SoCalGas proposes in this proceeding are the following:

[3] Prepared Direct Testimony of M. Michelle Dandridge ("Dandridge Testimony"), p. MMD-3 (September 30, 2025).

[4] *Ibid*, p. MMD-4-MMD-5.

[5] *Ibid.*

[6] *Ibid.*

[7] *Ibid,* MMD-4.

	Inventory BCF	Injection Summer MMcfd	Injection Winter MMcfd	Withdrawal Summer MMcfd	Withdrawal Winter MMcfd
Core	**76**	**250**	**135**	**540**	**1500**
Balancing	**12**	**184**	**374**	**1212**	**256**
UBS	**28**	**15**	**15**	**15**	**15**
Wholesale	**2.8**	**9**	**5**	**20**	**55**
Total	**118.8**	**458**	**529**	**1787**	**1826**
	Inventory	**Injection Summer**	**Injection Winter**	**Withdrawal Summer**	**Withdrawal Winter**
Core	**64.0%**	**54.6%**	**25.5%**	**30.2%**	**82.1%**
Balancing	**10.1%**	**40.2%**	**70.7%**	**67.8%**	**14.0%**
UBS	**23.6%**	**3.3%**	**2.8%**	**0.8%**	**0.8%**
Wholesale	**2.4%**	**2.0%**	**0.9%**	**1.1%**	**3.0%**
	100%	**100%**	**100%**	**100%**	**100%**

[9]

SoCalGas fails to provide adequate support or justification for its proposal to abandon the allocations adopted in the Test Year 2024 CAP and to adopt the median summer and winter injection capacities.

C. SoCalGas fails to Provide Adequate Support or Justification for Reallocating Backbone Costs to the Local Transmission Function.

In its Chapter 8 of its supporting testimony, SoCalGas proposes to reallocate $116.4 million (20%) of backbone costs plus $77.8 million of Pipeline Safety Enhancement Plan ("PSEP") and Transmission Integrity Management Plan ("TIMP") costs to the local transmission function.[10] This is the third time that SoCalGas has made this proposal to shift backbone costs to the local transmission function. SoCalGas failed in its previous two attempts, and SoCalGas should fail again in this proceeding. SoCalGas fails to provide adequate support or justification for its proposal.

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[8] D.24-07-009, Attachment A, p. 6 (July 11, 2024).

[9] *Ibid,* p. MMD-3.

[10] Prepared Direct Testimony of Frank Seres and Marjorie Schmidt-Pines (Seres/Schmidt-Pines Testimony"), p. FS-MSP-21-FS-MSP-26 (September 30, 2025).

D. SoCalGas Fails to Provide Adequate Support or Justification for Offering Reduced Amounts of Backbone Transmission Service Capacity in its Triannual Open Seasons.

In Chapter 10 of its supporting testimony, SoCalGas admits that its backbone system is designed to accept up to 3,775 million cubic feet per day ("MMcfd") of upstream pipeline deliveries and local California supplies on a firm basis, provided that sufficient demand and storage injection capacity is available.[11] However, SoCalGas proposes that the firm contractual limit for backbone transmission service capacity offered in SoCalGas's triennial open season should be reduced from the current total transmission zone firm access capacity of 3,775 MMcfd to 110 percent of the forecasted backbone capacity design standard for an average day 1-in-10 cold and dry year.[12] SoCalGas presents the 110 percent of forecasted and minimum backbone design capacity in the following table:

Year	Minimum Standard	110% of Minimum Standard
2024	2355	2591
2025	2333	2566
2026	2300	2530
2027	2262	2488
2028	2216	2438
2029	2198	2418
2030	2147	2362
2031	2105	2316
2035	2064	2270
2040	2091	2300

[13]

SoCalGas fails to provide adequate support or justification for dramatically reducing backbone capacity that would be available in its triennial open season from the actual backbone capacity of

[11] Prepared Direct Testimony of Paul D. Borkovich ("Borkovich Testimony"), pp. PDB-1-PDB-2 (September 30, 2025).

[12] *Ibid*, p. PDB-11.

[13]

3,775 MMcfd to 110 percent of the forecasted triennial minimum backbone system design standard.

E. SoCalGas Fails to Justify using Noncore Storage Balancing Account Over-Collections to Offset the $4.0 Million Under-Collection in the Firm Access Storage Rights Memorandum Account.

In Chapter 10, SoCalGas proposes to use over-collections accumulated in the Noncore Storage Balancing Account ("NSBA") to offset a persistent $4.0 million under-collection in its Firm Access Storage Rights Memorandum Account ("FASRMA") until the FASRMA under-collected balance reaches zero.[14] The$4.0 million consists of $3.1 million associated with system modifications to provide Off System Delivery ("OSD") services plus $0.8 million in interest.[15] SoCalGas explains that OSD services have not been offered since December 2017, which results in a lack of revenue to offset the FASRMA.[16]

SoCalGas Off System Delivery services represented a failed attempt by SoCalGas to offer storage services to off-system customers. SoCalGas fails to provide adequate support or justification for shifting recovery of the outstanding $4.0 million under-collection to ratepayers instead of shareholders.

III. CATEGORIZATION, NEED FOR HEARING, ISSUES TO BE CONSIDERED, AND PROPOSED SCHEDULE.

Insofar as this proceeding would affect rates, the proceeding should be categorized as "ratesetting." SCGC requests a hearing. The issues to be considered through testimony and cross examination include the issues raised in this Protest as well as other issues that may be raised in the course of this proceeding.

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[14] *Ibid*, p. PDB-9.

[15] Prepared Direct Testimony Payal Gadani ("Gadani Testimony"), p. PG-5 (September 30, 2025).

[16] Borkovich Testimony, p. PDB-10.

The schedule proposed by the Applicants in the Application should be revised. As proposed, the schedule proposes that intervenor testimony would be served on February 24, 2026.[17] However, requiring intervenor testimony to be filed on February 24, 2026, would result in intervenor testimony being due in this case only eleven days after the February 13, 2016 due date for intervenor testimony in the currently pending Pacific Gas and Electric Company ("PG&E") Test Year 2027 general rate case, A.25-05-009.[18] SCGC's witness in this proceeding will also be a witness in the PG&E proceeding. In order to provide an adequate gap between the due date for intervenor testimony in the PG&E proceeding and the due date for testimony in this proceeding, SCGC recommends that intervenor testimony in this proceeding should be due in mid-May, May 15, 2026.

IV. CONCLUSION

For the reasons set forth above, SCGC respectfully protests the Application, requests that the Commission set the Application for hearing, and requests that the Commission adopt a schedule consistent with SCGC's recommendation herein.

Respectfully submitted,

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[17] Application, p. 12.

[18] A.25-05-009 Scoping Memo, p. 19 (July 31, 2025).