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ALJ : LeQuang
Witness : Logan/Tan



**PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION**

MONITORING AND EVALUATION REPORT

**Southern California Gas Company's
Gas Cost Incentive Mechanism**

**GCIM Year 29
April 1, 2022, through March 31, 2023**

Application 23-07-005

San Francisco, California
March 15, 2024

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CHAPTER 1 - SUMMARY AND RECOMMENDATIONS

1.1 Recommendations

On July 17, 2023, Southern California Gas Company (SoCalGas) filed Application (A.) 23-07-005 regarding the Year 29 Gas Cost Incentive Mechanism (GCIM) for the period April 1, 2022, through March 31, 2023. The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) audited and evaluated the Application and SoCalGas' GCIM Year 29 Annual Report (Year 29 Report) and prepared this Monitoring and Evaluation Report (Cal Advocates Report). Chapter 2 of Cal Advocates Report presents the details and results of Cal Advocates' review. Appendix A to this report includes the workpapers and other materials supporting Cal Advocates' findings.

Cal Advocates found that SoCalGas' recorded gas costs for GCIM Year 29 were \$417,641,233 below the benchmark, which results in a calculated reward of \$62,783,957 to SoCalGas' shareholders and a ratepayer benefit of \$354,857,276. In recognition of the high winter gas prices, specifically in December, January, and February of 2022-23, SoCalGas proposes to reduce the shareholder reward to \$25,354,644. This adjustment is based on an analysis of the most recent five years of shareholder rewards for the same winter months.¹ Under the proposal, SoCalGas would return \$37.4 million to core customers through procurement rates over the winter 2024-25 period.

Cal Advocates recommends that SoCalGas return \$40.1 million to core customers based on a shareholder reward of \$22,680,519. Cal Advocates generally supports SoCalGas' proposal, with one exception. No shareholder reward should be attributed to January 2023, and the \$40.1 million amount should be entirely removed from the GCIM shareholder reward. Cal Advocates' adjustment removes an additional \$2,674,125 from the proposed reward, resulting in a total shareholder reward of \$22,680,519. As a result, the core customers will receive a refund of \$40.1 million.

Cal Advocates' proposal is based on some critical considerations and factors. First and foremost, there was a significant spike in the market price of natural gas in the

¹ A.23-07-005, *Application of SoCalGas Recording Year 29 (2022-2023) of its GCIM* (July 17, 2023) at 15-16.

1 producing basins serving California. This impact was most severe in Southern
2 California and was ultimately reflected in the SoCalGas and San Diego Gas & Electric
3 Company (SDG&E) posted tariff prices. For SoCalGas' residential, core commercial,
4 and industrial customers, the January 2023 Core Procurement Charge was 344.892
5 cents per therm.² This represents a significant increase of 239.563 cents per therm
6 compared to the prior month's December price, which was already very high. This
7 posted price was well above and beyond the gas procurement prices ever experienced
8 by the core customers of SoCalGas and SDG&E. For this reason alone, Cal Advocates
9 maintains that there should be no calculated reward for the month of January 2023.

10 Second, the impact of the surge in market prices initially began in November
11 2022 and continued into December, first impacted customer bills in the January time
12 frame. Many, if not most, of SoCalGas' customers were not aware of the particulars of
13 the Western gas market, or prepared for such significant monthly bill increases, often in
14 the hundreds of dollars. As a result, the Commission, its Consumer Affairs Branch, and
15 the utility's representatives were inundated with concerns, complaints, and customer
16 aggravation. There were numerous disheartening stories of senior citizens and
17 members of fixed-income and disability communities who needed to turn down or turn
18 off their heating supply. In response to the winter gas price spikes and related issues,
19 the Commission commenced Investigation (I.)23-03-008. One issue within the scope of
20 the Investigation is an examination into utility communications to customers to
21 determine whether the communications were sufficient or require modifications.³ Utility
22 communications remain an issue in the OII. Although utility communications are not
23 subject to review in this GCIM application, the gas utility ratepayers should not be
24 contributing to any shareholder reward associated with the unprecedented and
25 excessively high market gas prices that customers experienced in January 2023.

26 The Cal Advocates proposal is also a better reflection of the anomalous market
27 conditions of the three months used in the SoCalGas five-year average calculation. As
28 calculated, before adjustment, the shareholder reward for January 2023 would be \$29

² SoCalGas Advice Letter No. 6075 (Dec. 30, 2022).

³ I.23-03-008, *OII on the Commission's Own Motion into Natural Gas Prices During Winter 2022-2023 and Resulting Impacts to Energy Markets* (Mar. 20, 2023) at 10.

1 million, almost half of the total annual reward under the mechanism. This result would
2 be very unrealistic, and ultimately, unreasonable. Cal Advocates recommends that the
3 mechanism be deactivated in this GCIM period for January 2023 and that SoCalGas
4 retain no shareholder award.

5 Finally, Cal Advocates' proposal is a reasonable adjustment to SoCalGas'
6 otherwise reasonable proposal. The five-year average adjustment that is the basis of
7 the SoCalGas proposal would provide a higher reward for December 2022 than January
8 2023 - \$3.5 million compared to \$2.7 million. Although a consideration, Cal Advocates is
9 not proposing to remove the December 2022 reward of \$3.5 million because the
10 January 2023 market conditions, extreme spike in bid week gas prices, and customer
11 impact that drive Cal Advocates' recommendation.

12 Based on Cal Advocates' recommendation, SoCalGas should return \$40.1
13 million to core customers during the winter 2024-2025 period through procurement
14 rates.

15 Table 1-1 below summarizes SoCalGas' and Cal Advocates' calculated and
16 recommended shareholder reward and GCIM Year 29 performance⁴ based on the
17 detailed GCIM monthly reports of core commodity transaction activities.

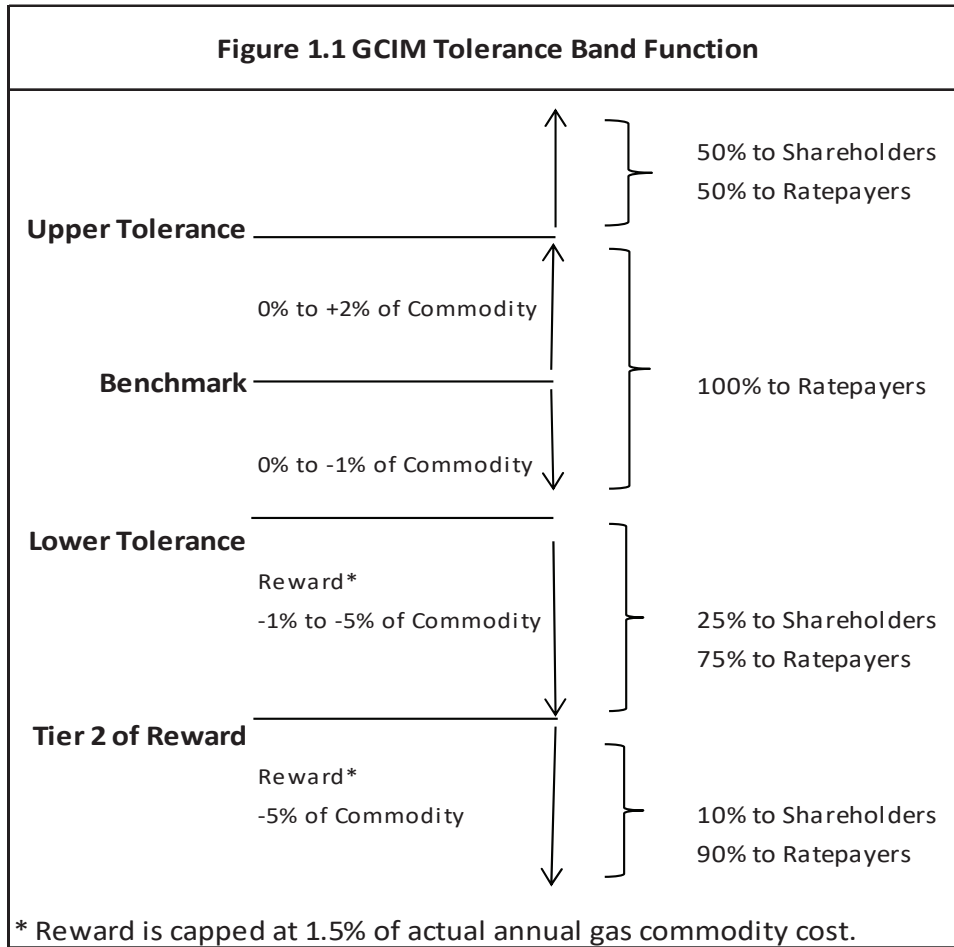
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⁴ See App. A, Exhibit No. 2-19, at A-28

TABLE 1-1 Southern California Gas Company Performance Summary GCIM Year 29 April 1, 2022 Through March 31, 2023		
Benchmark Costs	\$	4,896,806,733
Actual Costs	\$	4,479,165,500
GCIM Total Savings	\$	417,641,233
SoCalGas' Savings/Reward:		
Calculated Ratepayer Savings	\$	354,857,276
Calculated Shareholder Reward	\$	62,783,957
Recommended Ratepayer Savings	\$	392,286,589
Recommended Shareholder Reward	\$	25,354,644
Cal Advocates' Savings/Reward:		
Calculated Ratepayer Savings	\$	354,857,276
Calculated Shareholder Reward	\$	62,783,957
Recommended Ratepayer Savings	\$	394,960,714
Recommended Shareholder Reward	\$	22,680,519

1.2 Background

The objective of the GCIM is to provide an incentive for reducing natural gas procurement costs and other related costs, such as: transportation, storage capacity, financial hedging, and retail core gas sales. The GCIM is used as a ratemaking tool to increase efficiency in administering regulatory controls. For SoCalGas, it provides a framework in the form of a benchmark that indicates when actual purchase costs are within a stated range referred to as a “tolerance band.” If SoCalGas' actual costs, as measured by the GCIM benchmark, are between the upper and lower range limitations of the tolerance band, there is no shareholder penalty or reward for the GCIM period. If actual gas costs fall above or below the tolerance band, then both SoCalGas ratepayers and shareholders share in the resulting gains or losses. Chapter 2 of this Cal Advocates Report presents the results of the tolerance band calculations. The following graph, Figure 1.1, illustrates how the tolerance band functions in determining the shared costs for SoCalGas’ shareholders and ratepayers.



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The upper limit of the tolerance band is set at two percentage points above the benchmark commodity costs. The lower limit of the tolerance band is set at one percentage point below this benchmark. When SoCalGas' actual costs fall within this tolerance band, the accrued benefits or losses go to the ratepayers.⁵

In cases where actual costs fall outside the tolerance band, the benefits or losses are shared between shareholders and ratepayers. The amounts of these benefits or losses are based on whether the actual costs are outside the upper or lower limits of the tolerance band. For example, if actual costs exceed the upper two percent (2%) tolerance limit, the excess costs are shared 50-50 between ratepayers and shareholders. If actual costs are below the benchmark commodity costs and between

⁵ D.02-06-023, *Opinion: In the Matter of the Application of SoCalGas Company Regarding Year Six (1999-2000) Under Its Experimental GCIM and Related Gas Supply Matters*, OP No. 1 (June 6, 2002) at 27 (approving the Settlement Agreement).

1 the lower one percent (1%) tolerance limit and the five percent (5%) range, this will
 2 generate savings that are shared at twenty-five percent (25%) for shareholders and
 3 seventy-five percent (75%) for ratepayers. However, if actual costs are more than five
 4 percentage points below the benchmark commodity costs, the savings are shared as
 5 ninety percent (90%) savings for ratepayers and a ten percent (10%) reward for
 6 shareholders. The SoCalGas reward is capped at 1.5 percent of actual commodity
 7 costs.

8 Commission Decision (D.) 94-03-076 originally approved the GCIM program, with
 9 subsequent changes and extensions that essentially enhanced the program incentives.
 10 D.10-01-023 changed the treatment of winter hedging costs by allowing twenty-five
 11 percent (25%) of net hedging gains and losses related to winter gas purchases to flow
 12 through to the GCIM calculation, and seventy-five percent (75%) of costs to be passed
 13 through directly to core customers.

14 **1.3 GCIM Summary**

15 Table 1-2 below summarizes the GCIM results over the past five years. Chapter
 16 2 of this Cal Advocates Report presents supporting calculations for GCIM Year 29.

TABLE 1-2 Southern California Gas Company Summary of Ratepayer Savings and Shareholder Rewards (in \$Millions)				
GCIM Year	Period	Total Cost Savings	Ratepayer Savings	Shareholder Rewards
25	2018-2019	105.45	88.66	16.79
26	2019-2020	81.97	69.17	12.80
27	2020-2021	184.74	173.60	11.14
28	2021-2022	122.21	99.90	22.31
29	2022-2023	417.64	354.86	62.78

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19 **1.4 Natural Gas Storage**

20 To ensure dedicated core storage capacity, the Commission in D.06-10-029
 21 authorized SoCalGas to revise its Preliminary Statement, Part VIII, and the GCIM to
 22 reflect changes to its mid-season minimum core inventory targets. These changes
 23 require SoCalGas to seek agreement from Cal Advocates and The Utility Reform
 24 Network (TURN) before making any revisions to its mid-season minimum core inventory

1 targets.⁶ In D.18-01-005, the Commission ordered SoCalGas to confer with Cal
2 Advocates if its mid-season core storage inventory will be less than 47 billion cubic feet
3 (Bcf) on July 31 of each calendar year. D.18-01-005 also requires SoCalGas to provide
4 notification of its mid-season and annual core storage inventory target to the
5 Commission's Energy Division. For GCIM Year 29, SoCalGas met the July 31
6 mid-season storage target. As of October 31, 2022, SoCalGas reported that the annual
7 storage inventory was within the November 1st annual storage target.⁷

8 In D.08-12-020, the Commission adopted the Phase 1 Settlement Agreement,
9 which eliminated the upper tolerance band for core storage.⁸ Combining San Diego
10 Gas & Electric Company's (SDG&E) and SoCalGas' balancing requirements ensures
11 sufficient storage for core customers in Southern California. As of April 1, 2009,
12 SoCalGas has implemented the core balancing requirements. For the current GCIM
13 reporting period, SoCalGas did not report any core imbalance charges and operational
14 flow order (OFO) daily non-compliance charges.⁹

15 **1.5 Financial Hedging in GCIM**

16 In accordance with D.10-01-023, effective April 2010, SoCalGas is not required
17 to file a Winter Hedging Plan Report.¹⁰ Instead, SoCalGas includes twenty-five percent
18 (25%) of all net gains and losses of its winter hedging transactions in the GCIM. The
19 remaining seventy-five percent (75%) is excluded, which results in costs being passed
20 through to core customers. Cal Advocates reviewed SoCalGas' financial derivative
21 gains and losses based on the adopted methodology and according to Commission
22 policies and practices, as described in Chapter 2, Sections 2.10 and 2.11 of this Report.

⁶ D.06-10-029, *Opinion Regarding Year 11 of the GCIM*, OP No. 3 (Oct. 19, 2006) at 11.

⁷ SoCalGas GCIM Yr. 29 Rept. (July 17, 2023) at 12-13.

⁸ D.08-12-020, *Decision Regarding the Phase One Issues and the Motion to Adopt the Settlement Agreement*, OP No. 1 (Dec. 5, 2008) at 34.

⁹ SoCalGas Aug. 2, 2023, Response to Cal Advocates Data Request A.23-07-005_GCIM Year 29_MDR Q 11 (issued July 20, 2023).

¹⁰ D.10-01-023, *Decision for an Incentive Framework to Motivate Optimal Use of Natural Gas Hedging*, OP No. 5 (Jan. 25, 2010) at 70.

1 In addition to core winter hedges, SoCalGas transacted non-winter hedges and
 2 its non-winter hedge results are also included in the GCIM.¹¹ Table 1-3 below shows
 3 the results of SoCalGas' hedging activities for the most recent five-year GCIM periods.
 4

TABLE 1-3 Southern California Gas Company Financial Hedging (in \$Millions)			
GCIM Year	Losses/(Gains) Outside the GCIM	Losses/(Gains) Inside the GCIM	Total Hedging Losses/(Gains)
25	\$ (4.91)	\$ (2.07)	\$ (6.98)
26	\$ (4.30)	\$ (0.86)	\$ (5.16)
27	\$ 1.71	\$ 0.43	\$ 1.28
28	\$ (0.01)	\$ (2.72)	\$ (2.73)
29	\$ 28.93	\$ 9.64	38.57

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 6 Source: See *infra*, Table 2-11 at 2-16.
 7

8 **1.6 Interstate Capacity**

9 In D.04-09-022, the Commission established interstate pipeline contract approval
 10 procedures for SoCalGas, SDG&E, and Pacific Gas and Electric Company (PG&E).¹²
 11 These procedures included authorized capacity planning ranges to provide flexibility in
 12 meeting the utilities' regional market demands and regulatory compliance requirements
 13 regarding their Biennial Cost Allocation Proceedings (BCAP) or advice letter filings.¹³

14 In accordance with the capacity guideline procedures established by
 15 D.04-09-022, SoCalGas, Cal Advocates, TURN, and the Commission's Energy Division
 16 conduct ongoing discussions regarding interstate capacity requirements and SoCalGas'
 17 acquisition of interstate capacity. Cal Advocates serves as a resource for addressing
 18 compliance issues that impact the acquisition or reduction of interstate capacity.¹⁴

19 Effective November 9, 2018, Advice Letter 5340-G governs SoCalGas' capacity
 20 planning range (GCIM Year 26 and GCIM Year 27) for its combined gas portfolio with

¹¹ See *infra*, Section 2.10, "Financial Derivatives," at 2-13.

¹² D.04-09-022, *Opinion on Phase I Issues*, OP No. 2 (Sept. 2, 2004) at 95.

¹³ D.04-09-022, *Opinion on Phase I Issues*, Concl. of Law No. 6 (Sept. 2, 2004) at 93.

¹⁴ D.04-09-022, *Opinion on Phase I Issues* (Sept. 2, 2004) at 13 (stating "SoCalGas' Gas Acquisition Department will consult with [Cal Advocates], the Energy Division and TURN on a monthly basis.").

1 SDG&E for its winter and non-winter requirements.¹⁵ Advice Letter 5699-G updated
2 minimum capacity for GCIM Year 29: non-winter requires 905 thousand dekatherms per
3 day (MDth/d) and maximum capacity of 1,207 MDth/d. For winter, the combined
4 portfolio minimum capacity is 1,006 MDth/d and maximum capacity is 1,207 MDth/d.¹⁶

5 For GCIM Year 29, SoCalGas' report shows that for actual monthly activities of
6 core firm transportation capacity holdings, the minimum capacity requirements
7 established by D.04-09-022 were met.¹⁷

8 **1.7 Secondary Market Services Transactions**

9 Secondary Market Services (SMS) generate revenues from core gas supplies
10 and resources not needed for reliability requirements. SoCalGas meets this regional
11 market demand while simultaneously applying these revenues to directly offset core
12 commodity costs. As a result, this reduces core gas costs, which achieves SoCalGas'
13 primary objectives of ensuring supply and service reliability at a low cost.¹⁸

14 For the GCIM Year 29 period, SoCalGas shows net SMS revenues of
15 (\$54,096,161).¹⁹ These revenues offset part of the gas costs and enable SoCalGas to
16 lower its core commodity costs.

17 **1.8 Details of Adjusted Shareholder Reward**

18 Table 1-4 shows the comparison of the SoCalGas and Cal Advocates
19 recommended shareholder reward for GCIM Year 29:

¹⁵ See Letter from E. F. Randolph, Dir. Of Comm. Energy Div., to R. van der Leeden, SoCalGas Dir. Of Reg. Affairs, (Nov. 9, 2018, approving SoCalGas Adv. Letter 5340 (Aug. 17, 2018), effective Sept. 16, 2018) *available at* <https://tariff.socalgas.com/regulatory/tariffs/tm2/pdf/5340.pdf>.

¹⁶ SoCalGas Advice Letter No. 5699G, p. 2.

¹⁷ SoCalGas GCIM Yr. 29 Rept., Appendix C, "Current Core Firm Transportation Capacity Holdings" (July 17, 2023).

¹⁸ SoCalGas GCIM Yr. 29 Rept. (July 17, 2023) at A-12 to A-13.

¹⁹ SoCalGas GCIM Yr. 29 Rept. (July 17, 2023) at A-9, Table 2. See also *infra*, Section 2.12, "Review of Secondary Market Services Revenues," at 2-16.

Calculation of SoCalGas and Cal Advocates Recommended Adjusted Reward					
GCIM Year 29	Monthly Reward	Remove Dec-Feb	5-Yr Average	SoCal Adj Reward	Cal Adv Adj Reward
April	\$ 1,542,491			\$ 1,542,491	\$ 1,542,491
May	\$ 2,027,404			\$ 2,027,404	\$ 2,027,404
June	\$ 1,850,800			\$ 1,850,800	\$ 1,850,800
July	\$ 880,273			\$ 880,273	\$ 880,273
August	\$ 1,506,790			\$ 1,506,790	\$ 1,506,790
September	\$ 3,775,558			\$ 3,775,558	\$ 3,775,558
October	\$ 659,142			\$ 659,142	\$ 659,142
November	\$ 2,567,301			\$ 2,567,301	\$ 2,567,301
December	\$ 8,840,271	\$ (8,840,271)	\$ 3,465,247	\$ 3,465,247	\$ 3,465,247
January	\$ 29,085,938	\$ (29,085,938)	\$ 2,674,125	\$ 2,674,125	\$ -
February	\$ 6,607,749	\$ (6,607,749)	\$ 965,273	\$ 965,273	\$ 965,273
March	\$ 3,440,241			\$ 3,440,241	\$ 3,440,241
Total	\$ 62,783,958	\$ (44,533,958)	\$ 7,104,645	\$ 25,354,645	\$ 22,680,520

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CHAPTER 2 MONITORING AND EVALUATION AUDIT

2.1 Cal Advocates' GCIM Reward Evaluation

SoCalGas' GCIM Year 29 Application reports core gas procurement results for April 1, 2022, through March 31, 2023. Pursuant to D.94-03-076, Cal Advocates reviewed and evaluated SoCalGas' Year 29 GCIM report. The results of Cal Advocates' review and evaluation are presented in this chapter and the supporting materials are included in Appendix A.

Cal Advocates' evaluation of SoCalGas' GCIM performance for the year ending March 31, 2023, confirmed a total savings of \$417,641,233 in gas costs. These savings are based on the difference between the actual gas costs of \$4,479,165,500 and the GCIM benchmark costs of \$4,896,806,733. As part of its audit of SoCalGas' GCIM Year 29 report, Cal Advocates verified that the GCIM sharing mechanism resulted in a ratepayer savings of \$354,857,276 and a shareholder reward of \$62,783,957. Table 2-1 below summarizes the SoCalGas GCIM Year 29 savings based on the calculated tolerance band levels.

TABLE 2-1 Southern California Gas Company Reward Calculation GCIM Year 29 April 1, 2022 Through March 31, 2023		
		SCG Annual Report
Benchmark Costs		\$ 4,896,806,733
Actual Costs		\$ 4,479,165,500
GCIM Year 29 Annual Report: Total Savings Below Benchmark		\$ 417,641,233
Amount of Lower Tolerance Band Not Subject to Sharing (0%-1%)		\$ 46,032,384
Ratepayers' share:		\$ 46,032,384
Amount Subject to 75%-25% Sharing (1%-5%)		\$ 184,129,534
Ratepayers' share: 75%	75%	\$ 138,097,151
Shareholders' share: 25%	25%	\$ 46,032,384
Amount Subject to 90%/10% Sharing (> 5%)		\$ 187,479,315
Ratepayers' share: 90%	90%	\$ 168,731,383
Shareholders' share: 10%	10%	\$ 18,747,931
Cap on Shareholder Rewards = 1.5% of commodity costs:		
Total Commodity costs:		\$ 4,185,597,127
Shareholder Reward Cap:	1.50%	\$ 62,783,957
Total Ratepayers' Share:		\$ 352,860,918
Total Shareholders' Share:		\$ 64,780,315
Total Savings:		\$ 417,641,233
Total Ratepayers' Share after 1.5% Cap:		\$ 354,857,276
Total Shareholders' Share after 1.5% Cap:		\$ 62,783,957
		\$ 417,641,233

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3 2.2 Summary of Benchmark and Actual Costs

4 Table 2-2 below shows an annual summary of the monthly gas commodity costs
5 shown in Table 2-1. The calculated tolerance bands and the related actual commodity
6 cost of gas are measured annually against a benchmark. The benchmark is based on
7 the prevailing published natural gas price indices for gas delivered from the mainline to
8 the California border.

<p style="text-align: center;">TABLE 2-2 Southern California Gas Company Tolerance Band Review GCIM Year 29 April 1, 2022 Through March 31, 2023</p>						
Month	Benchmark Dollars*	Actual Dollars*	(Over)/Under Benchmark	Lower Tolerance 1%	Lower Tolerance 5%	Actual Commodity Cost
Apr-22	\$ 140,421,299	\$ 124,594,370	\$ 15,826,929	\$ 117,473,059	\$ 112,726,673	\$ 124,594,370
May-22	\$ 184,279,882	\$ 178,452,142	\$ 5,827,740	\$ 160,603,627	\$ 154,114,592	\$ 178,452,142
Jun-22	\$ 265,128,619	\$ 258,879,666	\$ 6,248,953	\$ 242,729,176	\$ 232,921,936	\$ 258,879,666
Jul-22	\$ 168,737,994	\$ 164,696,973	\$ 4,041,021	\$ 146,530,621	\$ 140,610,191	\$ 164,696,973
Aug-22	\$ 234,235,993	\$ 226,075,127	\$ 8,160,867	\$ 211,237,169	\$ 202,702,333	\$ 226,075,127
Sep-22	\$ 244,775,541	\$ 224,675,552	\$ 20,099,989	\$ 222,853,977	\$ 213,849,776	\$ 224,675,552
Oct-22	\$ 138,616,313	\$ 137,562,691	\$ 1,053,622	\$ 115,212,125	\$ 110,557,090	\$ 137,562,691
Nov-22	\$ 165,228,815	\$ 146,873,354	\$ 18,355,460	\$ 139,323,731	\$ 133,694,489	\$ 146,873,354
Dec-22	\$ 422,742,992	\$ 312,130,725	\$ 110,612,268	\$ 393,263,044	\$ 377,373,628	\$ 312,130,725
Jan-23	\$ 2,192,002,492	\$ 1,971,784,223	\$ 220,218,269	\$ 2,137,687,978	\$ 2,051,316,747	\$ 1,971,784,223
Feb-23	\$ 493,501,026	\$ 469,726,899	\$ 23,774,127	\$ 459,647,810	\$ 441,076,181	\$ 469,726,899
Mar-23	\$ 247,135,767	\$ 263,713,779	\$ (16,578,012)	\$ 210,643,659	\$ 202,132,804	\$ 263,713,779
	\$ 4,896,806,733	\$ 4,479,165,500	\$ 417,641,233	\$ 4,557,205,976	\$ 4,373,076,442	\$ 4,479,165,500
	*Included transportation costs and reservation costs.					

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Source: Appendix A, Exhibit No. 2-19 at A-28.

3 **2.3 Review of Benchmark Volumes and Costs**

4 Table 2-3 below shows the components of the Mainline and Border Benchmark
5 Costs. Cal Advocates' review of GCIM Year 29 records confirms the Total Benchmark
6 Dollar Costs of \$4,896,806,733.

7 The Total Benchmark Commodity Costs consist of Mainline Benchmark
8 Commodity Costs of \$3,041,377,714 and Benchmark Border Commodity Costs of
9 \$1,561,860,646 which are calculated based on the Southern California Commodity
10 Border Costs of \$190,991,102, SoCalGas Citygate Commodity Costs of
11 \$1,370,912,419, and PG&E Topock Commodity Costs of (\$42,875).

12 The Total Benchmark Dollar Costs include flow-through costs of \$6,291,485 in
13 Interstate Volumetric Transport Costs and \$287,276,888 of Benchmark Reservation
14 Charges; and \$4,603,238,360 in Total Benchmark Commodity Costs for a total of
15 \$4,896,806,733.

TABLE 2-3 Southern California Gas Company Benchmark Dollar Components GCIM Year 29 April 1, 2022 Through March 31, 2023						
					Benchmark	
<u>Annual Report:</u>					Dollars	Reference*
Mainline Benchmark Commodity Costs					\$ 3,041,377,714	2-4
Southern California Border Commodity Costs				\$ 190,991,102		2-4
SoCalGas Citygate Commodity Costs				\$ 1,370,912,419		2-4
PG&E Topock Commodity Costs				\$ (42,875)		
Sub-Total Border Benchmark Commodity Costs					\$ 1,561,860,646	
Total Benchmark Commodity Costs					\$ 4,603,238,360	
Flow-Through Costs						
Interstate Volumetric Transport Costs					\$ 6,291,485	2-6
Benchmark Reservation Charges					\$ 287,276,888	2-5
Total Benchmark Dollar Costs:					\$ 4,896,806,733	

Source: Appendix A, Exhibit Nos. 2-4, 2-5, & 2-6 at A-13, A-14, & A-15.

Table 2-3A below shows 381,485,930 MMBtus in Net Total Benchmark Volumes for the period from April 2022 through March 2023. This net total is comprised of the following: (i) 310,172,075 MMBtus, which is the Benchmark Mainline Volumes total; (ii) 8,242,672 MMBtus, which is the Benchmark Border Volumes total for the same period; (iii) 63,078,183 MMBtus, which is the Benchmark SoCalGas Citygate Volumes total; and (iv) (7,000) MMBtus, which is the PG&E Topock Volumes total. The Actual Transported Volumes of 370,717,153 MMBtus is the total purchased volumes that SoCalGas received during the GCIM Year 29 period.

TABLE 2-3A Southern California Gas Company Benchmark Market Volumes (In MMBtus) GCIM Year 29 April 1, 2022 Through March 31, 2023			
			Reference*
Benchmark Mainline Volumes	310,172,075		2-11
Benchmark Border Volumes	8,242,672		2-16
Benchmark Citygate Volumes	63,078,183		2-16
PG&E Topock Volume	(7,000)		2-16
Net Total Benchmark Volumes		381,485,930	
Actual Transported Volumes		370,717,153	2-10

*Source: Appendix A, Exhibit Nos. 2-10, 2-11, & 2-16 at A-19, A-20, & A-25.

2.4 Actual Gas Costs and Volumes

Table 2-4 below shows the Actual Gas Costs Components consisting of Mainline Commodity Purchases, Border and Citygate Purchases, Gas Sales Revenues, Other Revenues/Costs, Interstate Volumetric Transportation Costs, and Reservation Charges. Cal Advocates found that SoCalGas' records supported the volumes and corresponding dollar amounts for each of these components, as reflected in Table 2-4.

The Total Mainline and Border Purchases of \$4,796,565,925 consist of Total Mainline Purchases of \$3,087,436,793 and Total Border Purchases of \$1,709,129,131. The Total Gas Sales of (\$557,034,360) consists of Mainline Sales of (\$144,354,957); Border Sales of (\$150,509,443); SoCalGas Citygate Sales of (\$275,064,369); PG&E Topock Sales of (\$60,550); and Less 75% Winter Hedge Sale of (\$12,954,958). The Other Revenue and Costs of (\$53,934,438) consist of (i) (\$54,096,161) in Net Secondary Market Service Revenues; (ii) \$3,011 in costs from GCIM Derivative Transactions, and (iii) \$158,712 in an Off-System Parking Fee. These are all included as part of the Total Commodity Costs of \$4,185,597,127 which consist of (i) Total Mainline and Border Purchases of \$4,796,565,925; (ii) Total Gas Sale of (\$557,034,360); and (iii) Total Other Revenues/Costs of (\$53,934,438).

SoCalGas' records show the calculations of the Interstate Volumetric Transport Costs as \$6,291,485 and the Reservation Charges as \$287,276,888. The sum of these

1 costs and charges resulted in the corresponding Total Volume and Costs of
2 \$4,479,165,500, as shown on the last line in Table 2-4.

3 The Total Mainline and Border Purchase volume of 417,062,979 MMBtus is
4 comprised of the totals for two types of gas purchases and their corresponding volumes:
5 (i) Total Mainline Purchases 325,475,304 MMBtus; and (ii) Total Border Purchases
6 91,587,675 MMBtus.

7 The Total Gas Sale volumes of (36,480,124 MMBtus) are comprised of the
8 following gas sales and their corresponding volumes: (i) Mainline Sales (15,303,229
9 MMBtus); (ii) Border Sales (11,127,340 MMBtus); (iii) SoCalGas Citygate Sales
10 (10,414,480 MMBtus); (iv) PG&E Topock Sales of (7,000 MMBtus); and (v) Less 75%
11 Winter Hedge Sale of (371,925 MMBtus) The Total Gas Sales volumes of (36,480,124
12 MMBtus) was subtracted from the Total Mainline and Border Purchases volumes of
13 417,062,979 MMBtus to arrive at the Total Volume and Costs figure of 380,582,855
14 MMBtus.

TABLE 2-4 Southern California Gas Company Actual Gas Costs Components GCIM Year 29 April 1, 2022 Through March 31, 2023			
Mainline Commodity Purchases	Volumes (MMBtu)	Dollars	Reference*
El Paso Permian	34,785,650	\$ 179,332,965	2-3a
El Paso San Juan	99,468,088	\$ 959,590,599	2-3a
Transwestern Permian	19,614,702	\$ 117,443,480	2-3a
Transwestern San Juan	36,611,146	\$ 436,000,087	2-3a
Kern River Pipeline	100,772,757	\$ 1,197,641,804	2-3a
NOVA-AECO/NIT	19,133,928	\$ 79,113,580	2-3a
White River Hub	15,089,033	\$ 118,314,278	2-3a
Total Mainline Purchases	325,475,304	\$ 3,087,436,793	
Border and City Gate Purchases**			
Border	19,370,012	\$ 337,159,897	2-3b
SoCalGas Citygate	73,492,663	\$ 1,413,856,734	2-3b
Less 75% Winter Hedge	1,275,000	\$ 41,887,500	2-3b
Total Border Purchases	91,587,675	\$ 1,709,129,131	
Total Mainline and Border Purchases	417,062,979	\$ 4,796,565,925	
Gas Sales (deducting)**			
Mainline Sales	(15,303,229)	\$ (144,354,957)	2-3c
Border Sales	(11,127,340)	\$ (150,509,443)	2-3d
SoCalGas Citygate Sales	(10,414,480)	\$ (275,064,369)	2-3d
PG&E Topock Sales	(7,000)	\$ (60,550)	2-3d
Less 75% Winter Hedge	(371,925)	\$ (12,954,958)	2-3d
Total Gas Sales	(36,480,124)	\$ (557,034,360)	
Other Revenues/Costs			
Net Secondary Market Revenue:		\$ (54,096,161)	2-3e
GCIM Derivative Transactions		\$ 3,011	2-3g
Off System Parking Fee		\$ 158,712	2-3f
Total Other Revenues/Costs		\$ (53,934,438)	
Total Commodity Costs		\$ 4,185,597,127	
Interstate Reservation and Volumetric Transport Cost			
Interstate Volumetric Transport Costs		\$ 6,291,485	2-6
Reservation Charges		\$ 287,276,888	2-5
Total Related Commodity Costs		\$ 293,568,373	
Rounding		\$ -	
Total Volume and Costs	380,582,855	\$ 4,479,165,500	

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*Source: Appendix A, Exhibit Nos. 2-3a-g, 2-5 & 2-6 at A-4 to A-10, A-14, & A-15.

** Border and Citygate purchases (sales) included Winter-Hedge Costs (Revenues).

2.5 Mainline and Border Gas Sales

Table 2-5 below provides a breakdown of SoCalGas' gas sales by pipeline. In addition, a compilation of gas sales and volumes for the period is included in Appendix A of this Report.

SoCalGas reported gas purchases and sales transactions with affiliates and confirmed that purchases and sales were completed through arm's length transactions via brokerage firms.²⁰

TABLE 2-5 Southern California Gas Company Summary of Mainline and Border Sales GCIM Year 29 April 1, 2022 Through March 31, 2023			
Mainline Pipelines	Sales	Volumes (MMBtus)	Reference*
El Paso Permian	\$ (22,212,693)	(3,955,157)	2-3c
El Paso San Juan	\$ (24,326,726)	(2,485,207)	2-3c
Transwestern Permian	\$ (4,331,963)	(1,298,901)	2-3c
Transwestern San Juan	\$ (18,267,051)	(2,320,512)	2-3c
Kern River	\$ (56,374,107)	(4,065,033)	2-3c
NOVA-AECO	\$ (4,960,350)	(1,139,019)	2-3c
White River Hub	\$ (13,882,067)	(39,400)	2-3c
Total Mainline	\$ (144,354,957)	(15,303,229)	
Border Pipelines	Sales	Volumes (MMBtus)	
Border	\$ (150,509,443)	(11,127,340)	2-3d
SoCal City-Gate	\$ (62,473,438)	(10,414,480)	2-3d
PG&E Topock	\$ (60,550)	(7,000)	2-3d
Less 75% Winter Hedge	\$ (12,954,958)	(371,925)	2-3d
Total Border	\$ (212,982,881)	(21,541,820)	
Total Sales to Volume	\$ (357,337,838)	(36,845,049)	

Source: Appendix A, Exhibit Nos. 2-3c & 2-3d at A-6 & A-7.

2.6 Interstate Volumetric Transport Costs

The volumetric transport costs are variable costs, and they are based on the volume of interstate pipeline gas supplies delivered at the SoCal Border. The total interstate volumetric transportation costs for SoCalGas GCIM Year 29 are shown in

²⁰ SoCalGas GCIM Yr. 29 Rept., Section D (July 17, 2023).

1 Table 2-6. The table shows the Summary of the Actual Pipeline Commodity Transported
 2 Costs by pipeline. The total volumetric transport costs for the period were \$6,291,485,
 3 which is comprised of \$1,127,671 in El Paso transport costs; \$995,617 in Transwestern
 4 costs; \$3,782,488 in Kern River costs; (\$429) in Northwest costs; \$387,222 in Canadian
 5 Path costs; (\$977) Wyoming Interstate costs; and (\$109) in Colorado Interstate costs.
 6

TABLE 2-6 Southern California Gas Company Summary of Actual Pipeline Commodity Transport Costs GCIM Year 29 April 1, 2022 Through March 31, 2023		
		Transport Cost
El Paso		\$ 1,127,671
Transwestern		\$ 995,617
Kern River		\$ 3,782,488
Northwest		\$ (429)
Canadian Path		\$ 387,222
Wyoming Interstate		\$ (977)
Colorado Interstate		\$ (109)
Rounding		\$ 1
Total Transportation Costs		\$ 6,291,485

7
 8 Source: Appendix A, Exhibit No. 2-6 at A-15.

9 **2.7 Interstate Reservation Charges**

10 Table 2-7 shows reservation charges by pipeline for the GCIM Year 29 period.
 11 The reservation charges were: El Paso \$61,808,336; Transwestern \$32,654,810; Kern
 12 River \$29,391,975; Canadian Path \$12,705,310; Backbone Transport Service contracts
 13 totaled \$150,716,457. The Total Reservation Charges for the period were
 14 \$287,276,888.

TABLE 2-7 Southern California Gas Company Summary of Reservation Charges By Pipeline GCIM Year 29 April 1, 2022 Through March 31, 2023		
		Reservation Charge
El Paso		\$ 61,808,336
Transwestern		\$ 32,654,810
Kern River		\$ 29,391,975
Canadian Path		\$ 12,705,310
Backbone Transportation		\$ 150,716,457
	Total Reservation Charges	\$ 287,276,888

Source: Appendix A, Exhibit No. 2-5 at A-14.

2.8 Interstate Pipeline Utilization

In D.04-09-022, the Commission required SoCalGas to track each pipeline's capacity utilization.²¹ Table 2-8 provides an overview of SoCalGas' nominated capacity for each pipeline listed. Total Core Capacity for all the pipelines was 431,141,378 MMBtus and Total Nominated Capacity was 381,794,311 MMBtus. The difference between these two total amounts is the unutilized capacity of 49,347,067 MMBtus, which is adjusted from core capacity.

Regarding the interstate pipelines, for GCIM Year 29, SoCalGas utilized El Paso Natural Gas Company at 84% capacity; Foothills Pipeline Ltd at 97%; Gas Transmission Northwest Corp. at 96%; Kern River Gas Transmission Company at 105%; NOVA Gas Trans Ltd at 91% (Canadian Path); Pacific Gas and Electric at 96%; and Transwestern Pipeline Company at 74%. The results are 376,043,097 MMBtus of Actual Volume Received based upon the Capacity Cut of 5,751,214 MMBtus being subtracted from Nominated Capacity of 381,794,311 MMBtus.

²¹ D.04-09-022, *Opinion on Phase I Issues*, OP No. 2 (Sept. 2, 2004) at 95.

TABLE 2-8
Southern California Gas Company
Cumulative Core Capacity Utilization By Pipeline (In MMBtus)
GCIM Year 29
April 1, 2022 Through March 31, 2023

Pipeline	Core Capacity	Less: Nominated Capacity	Unutilized Capacity	Capacity Utilization Percentage	Nominated Capacity	Actual Volumes Received	Capacity Cut
SoCalGas Natural Gas Company	180,172,857	151,840,096	28,332,761	84%	151,840,096	150,405,132	1,434,964
Foothills Pipelines Ltd	19,644,264	18,971,392	672,872	97%	18,971,392	17,806,189	1,165,203
SoCalGas Trans Northwest Corp	19,165,420	18,414,192	751,228	96%	18,414,192	17,287,650	1,126,542
SoCalGas Transmission Company	90,492,746	95,002,708	(4,509,962)	105%	95,002,708	94,767,057	235,651
Nova Gas Trans Ltd	19,804,091	18,107,840	1,696,251	91%	18,107,840	18,107,840	-
Pacific Gas & Electric	18,955,180	18,214,268	740,912	96%	18,214,268	17,131,574	1,082,694
Western Pipeline Company	82,906,820	61,243,815	21,663,005	74%	61,243,815	60,537,655	706,160
Total	431,141,378	381,794,311	49,347,067	89%	381,794,311	376,043,097	5,751,214

1 Source: Appendix A, Exhibit No. 2-18 at A-27.

2 **2.9 Examination of the Purchased Gas Account**

3 Table 2-9 below provides a Purchased Gas Account (PGA) reconciliation of the
4 GCIM gas commodity costs.²² One function of the PGA is for utilities to balance the
5 recorded cost of gas and the corresponding revenues from the sale of that gas. For
6 GCIM Year 29, the Total PGA Commodity Costs equaled \$4,278,237,918 and the
7 reported GCIM Commodity Costs for SoCalGas’ gas portfolio purchases were
8 \$4,185,611,893 (excluding hedging costs), which results in a variance of \$92,626,025.
9 This variance consists of (\$9,608,049) in costs excluded from the GCIM reported
10 commodity costs; (\$54,096,161) in net Secondary Market Service; \$10,727 in timing
11 difference in fees and other costs; and 75% excluded Winter Hedge Costs from GCIM.²³

²² SoCalGas Aug. 2, 2023, Response to Cal Advocates Data Request A.23-07-005_GCIM Year 29_MDR Q 7 issued July 20, 2023.

²³ SoCalGas Aug. 2, 2023, Response to Cal Advocates Data Request A.23-07-005_GCIM Year 29_MDR Q 7 issued July 20, 2023.

TABLE 2-9
Southern California Gas Company
PGA & GCIM Reconciliation of Commodity Cost
GCIM Year 29
April 1, 2022 Through March 31, 2023

Total PGA Commodity Costs		\$ 4,278,237,918	
Total GCIM Commodity Costs		\$ 4,185,611,893	
	Variance:	\$ 92,626,025	
Reconciliation:			
Total PGA Commodity Cost			\$ 4,278,237,918
PGA Costs Excluded from GCIM:			
Playa del Rey & Aliso Production	\$	-	
Borrego Springs LNG	\$	223,875	
Realized (Gain)/Loss from OTC Deriv. Trans.	\$	-	
Realized (Gain)/Loss from Exchange-Traded Deriv. Trans.	\$	2,265	
Realized (Gain)/Loss from Foreign Currency Exchange (GST & Demand Char	\$	59,608	
Carrying Costs of Storage Inventory	\$	3,030,816	
Transportation Chg in PGA Market Gas not in GCIM Commodity Cost (1.8.2)	\$	6,291,485	
		\$ (9,608,049)	
GCIM Related Transactions Excluded from PGA:			
Net SMS Revenue	\$	(54,096,161)	
Timing differences for transaction fees and other gas costs exclud	\$	10,727	
Winter Hedge 75% excluded from GCIM	\$	(28,932,542)	
		\$ (83,017,975)	
			\$ (92,626,025)
	Total PGA Commodity Cost :		\$4,185,611,893
		Rounding:	\$ -
	Less: GCIM Commodity Cost:		\$4,185,611,893
	Unreconciled Difference:		\$ (0)

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In addition, Cal Advocates selected November 2022, December 2022, January 2023, and February 2023 to review SoCalGas' recorded costs and revenues. Through discovery, SoCalGas provided copies of supporting documents and purchase invoices for verification purposes. Cal Advocates traced the costs of these purchase invoices to the monthly statements and then to SoCalGas' GCIM Year 29 report. Cal Advocates found that the selected purchase invoices reconciled with the recorded amounts in the report.

1 **2.10 Financial Derivatives**

2 Cal Advocates performed a review of hedging transactions for financial derivative
 3 transactions reported in the PGA to confirm the appropriate GCIM calculation and to
 4 identify timing differences that were recognized within the GCIM period of April 1, 2022,
 5 through March 31, 2023.

6 Table 2-10 shows the SoCalGas PGA Reconciliation of Financial Gains and
 7 Losses for non-winter financial derivatives reported NYMEX transactions and over-the-
 8 counter (OTC) cleared transactions, as well as OTC swaps.²⁴ Associated transaction
 9 fees are also included based on the date of the contract and net results that may be a
 10 financial gain or loss. Transactions that result in gains or cash receipts are offset
 11 against losses. Other adjustments include a reversal of fees from previous GCIM years.
 12

TABLE 2-10			
Southern California Gas Company			
PGA Reconciliation - Non Winter Financial Gains & Losses			
GCIM Year 29			
April 1, 2022 Through March 31, 2023			
NYMEX Traded/ OTC Cleared Transactions	GCIM	Recorded PGA	Variance
Exchange Traded Transactions (Gains)/Losses	\$ -		
Exchange Traded Transactions Costs	\$ -	\$ 2,265	
Total:	\$ -	\$ 2,265	\$ 2,265
OTC Swaps			
OTC Swaps (Gains)/Losses	-		
OTC Swap Transaction Costs	\$ 3,011		
Total:	\$ 3,011	\$ -	\$ (3,011)
Year 29 Financial (Gain)/Losses:	\$ 3,011	\$ 2,265	\$ (746)
Reconciliation:			
Interest on Financial Transaction			\$ 850
PGA Timing Difference - Broker Fee			\$ (104)
Total:			\$ 746
	Rounding		
	Variance		\$ -

13

²⁴ SoCalGas Aug. 2, 2023, Response to Cal Advocates Data Request A.23-07-005_GCIM Year 29_MDR Q 7 issued July 20, 2023.

1 Financial hedging costs for the Year 29 GCIM period totaled \$3,011. This total is
2 comprised of \$3,011 in OTC Swaps transactions. In compliance with D.10-01-023,
3 seventy-five percent (75%) of the winter hedging losses are excluded from the GCIM
4 and twenty-five percent (25%) of winter hedging losses are included in the GCIM
5 calculation. For Year 29, \$28,932,542 represented seventy-five percent (75%) of winter
6 hedging costs and \$9,644,181 represented twenty-five percent (25%) of winter hedging
7 costs to be included in the GCIM calculation.²⁵

8 In general, natural gas prices are determined through the interaction of two types
9 of markets: cash/financial markets and physical quantities of natural gas. These
10 markets involve the purchase and sale of both when the physical quantities and
11 financial instrument prices are connected to the price of natural gas in the physical
12 market.

13 Publishers of industry newsletters such as *Platts* and *Natural Gas Intelligence*
14 take surveys of the price of transactions at a hub or Citygate, where natural gas is
15 delivered or sold. The surveyed prices are calculated into an average which then
16 results in an index of those prices. These index prices are used to base the price of gas
17 at the hub, Citygate, or a specified location.

18 For hedging natural gas commodities, the commonly used financial instruments
19 are OTC and exchange derivatives, often referred to as options and swaps. These
20 financial instruments are traded in the form of standardized contracts. This
21 standardization provides ease of transfer and the identification of prices.²⁶ These
22 hedging transactions will generally incur related transaction fees for the purchase of the
23 hedging contract, such as broker and premium fees.

24 SoCalGas regularly assesses and reviews, on a real-time basis, natural gas
25 market fundamentals. Based on its review and assessment, the utility uses price trends,
26 market fundamentals, and risk avoidance to optimize hedging transactions. To forecast

²⁵ See Appendix A, Exhibit No. 2-3i, "Winter Hedge Costs" at A-12.

²⁶ See U.S. Senate Permanent Committee on Investigations: Excessive Speculation in the Natural Gas Market (July 9, 2007), available at <https://www.hsgac.senate.gov/subcommittees/investigations/hearings/excessive-speculation-in-the-natural-gas-market-day-two/>.

1 natural gas prices, SoCalGas uses current future prices and basis values provided by
2 Intercontinental Exchange (ICE) and the New York Mercantile Exchange (NYMEX).²⁷

3 **2.11 Winter Hedges**

4 For GCIM Year 29, SoCalGas reported \$38,576,722 of winter hedging net costs.
5 Table 2-11 below shows twenty-five percent (25%) of the costs at \$9,644,181, which is
6 included in the GCIM. Cal Advocates confirmed that \$28,932,542, which represents
7 seventy-five percent (75%) of total winter hedging costs, were excluded from the GCIM.
8 These gains or losses are directly allocated to core customers for the period.

9 For purposes of reconciliation, Cal Advocates determined related hedging costs
10 based on the contract date. If the contract date is beyond March 31, it is excluded from
11 the GCIM Year 29 reporting period.

12

²⁷ SoCalGas Aug. 2, 2023, Response to Cal Advocates Data Request A.23-07-005_GCIM Year 29_MDR Q 6 issued July 20, 2023.

TABLE 2-11
Southern California Gas Company
Winter Hedge Purchases (Sales)
GCIM Year 29
April 1, 2022 Through March 31, 2023

Month	Winter Hedge Costs Included in GCIM	Winter Hedge (Gains) Included in GCIM	Winter Hedge Costs Excluded From GCIM	Winter Hedge (Gains) Excluded From GCIM	Winter Hedge Total
Apr-22	\$ -	\$ -	\$ -	\$ -	\$ -
May-22	\$ -	\$ -	\$ -	\$ -	\$ -
Jun-22	\$ -	\$ -	\$ -	\$ -	\$ -
Jul-22	\$ -	\$ -	\$ -	\$ -	\$ -
Aug-22	\$ -	\$ -	\$ -	\$ -	\$ -
Sep-22	\$ -	\$ -	\$ -	\$ -	\$ -
Oct-22	\$ -	\$ -	\$ -	\$ -	\$ -
Nov-22	\$ 8,750	\$ -	\$ 26,250	\$ -	\$ 35,000
Dec-22	\$ 4,102,500	\$ (4,151,701)	\$ 12,307,500	\$ (12,455,102)	\$ (196,803)
Jan-23	\$ 8,605,625	\$ (166,619)	\$ 25,816,875	\$ (499,856)	\$ 33,756,025
Feb-23	\$ 827,500	\$ -	\$ 2,482,500	\$ -	\$ 3,310,000
Mar-23	\$ 418,125	\$ -	\$ 1,254,375	\$ -	\$ 1,672,500
Totals:	\$ 13,962,500	\$ (4,318,319)	\$ 41,887,500	\$ (12,954,958)	\$ 38,576,722
	Hedge Costs	13,962,500		41,887,500	
	(Gains)	(4,318,319)		(12,954,958)	
	25% Winter Hedge Included in GCIM:	9,644,181	75% Winter Hedge Excluded From GCIM:	28,932,542	

Source: Appendix A, Exhibit No. 2-3i at A-12.

2.12 Review of Secondary Market Services Revenues

SoCalGas manages its retail core procurement using its assets of storage inventory, injection, withdrawal rights, and core supplies and by applying these assets to Secondary Market Services. More specifically, SoCalGas generates revenue by using core assets to execute SMS transactions and fees that are based on market conditions. When SoCalGas management determines that core assets are not directly needed to meet core customer demand and reliability, it will utilize SMS transactions to offset core gas costs. As Table 2-12 below shows, for GCIM Year 29, SMS revenue totaled

1 (\$55,359,135) less \$1,262,974 in overhead costs, which results in net revenue of
2 (\$54,096,161).

SMS Revenue			\$ (55,359,135)
Less Overhead			\$ 1,262,974
		Net Revenues	\$ (54,096,161)

3
4 Source: Appendix A, Exhibit No. 2-3e at A-8.

5 6 **2.13 SoCalGas Core Storage Inventory Targets**

7 In D.06-10-029, the Commission approved a Joint Recommendation by Cal
8 Advocates, TURN, and SoCalGas to modify the utility's management and use of mid-
9 season gas storage capacity for core customers.²⁸ This recommendation results in more
10 gas entering storage during the summer months for core customer use during the winter
11 heating season. This decision requires SoCalGas to obtain agreement from Cal
12 Advocates and TURN for mid-season inventory targets. These targets must be
13 maintained, or an agreement from Cal Advocates and TURN is needed if changes to
14 inventory storage targets are made by SoCalGas. In either case, these changes are
15 reflected in the GCIM.

16 In D.08-12-020, the Commission adopted the Phase 1 Settlement Agreement in
17 SoCalGas' 2009 BCAP, expanding gas storage by 7 Bcf during the period of 2009 to
18 2014.²⁹ Core storage inventory would receive an additional 4 Bcf beginning in 2009.
19 The Settlement Agreement required incremental inventory capacity to increase by 1.0
20 Bcf each year from April 1, 2010, until April 1, 2013.

²⁸ D.06-10-029, *Opinion Regarding Year 11 of the GCIM*, OP No. 3 (Oct. 19, 2006) at 11 (Joint Recommendation adopted and approved).

²⁹ D.08-12-020, *Decision Regarding the Phase One Issues and the Motion to Adopt the Settlement Agreement*, OP No. 1 (Dec. 4, 2008) at 34.

1 On December 14, 2012, SoCalGas filed Advice Letter 4436, which was approved
2 by the Commission on January 13, 2013. This update changed the storage target from
3 79 Bcf to 82 Bcf with variance allowance from +5/-2 Bcf to +0/-2 Bcf.³⁰

4 On May 29, 2013, SoCalGas filed Advice Letter 4499, which updated the core
5 inventory target from 82 Bcf to 83 Bcf +0/-2 Bcf. The utility would retain the core
6 inventory target until further notice via an advice letter filing.³¹

7 On March 30, 2020, SoCalGas filed Advice Letter 5609 to update the core
8 inventory target from 83 Bcf to 74.593 Bcf +0/-2 Bcf. The inventory target may be
9 modified if the availability of the authorized inventory changes at the Aliso Canyon
10 storage is filed.³² For the GCIM Year 29 mid-season storage, Cal Advocates' review of
11 SoCalGas' inventory records show that the assigned core storage inventory level was
12 69.18 Bcf as of July 31, 2022. Thus, the mid-season target was achieved.³³

13 The GCIM November 1 storage inventory target was 80.025 Bcf with a variance
14 allowance of +0/-2 Bcf. As of October 31, 2022, SoCalGas reported the annual storage
15 inventory was at 79.30 Bcf, which is within the storage inventory target.³⁴

16 Table 2-13 below shows the core storage inventory calculation for the July 31
17 target and the October 31 target.³⁵

³⁰ See Letter from E. F. Randolph, Dir. of Comm. Energy Div., to R. Prince, Dir. of Reg. Affairs, SoCalGas (Jan. 14, 2013, approving SoCalGas Adv. Letter 4436 (Dec. 14, 2012, effective Jan. 13, 2013), *available at* <https://tariff.socalgas.com/regulatory/tariffs/tm2/pdf/4436.pdf>.

³¹ See Letter from E. F. Randolph, Dir. of Comm. Energy Div., to R. Prince, Dir. of Reg. Affairs, SoCalGas (July 2, 2013, approving SoCalGas Adv. Letter 4499 (May 29, 2013, effective June 28, 2013), *available at* <https://tariff.socalgas.com/regulatory/tariffs/tm2/pdf/4499.pdf>.

³² See Letter from E. F. Randolph, Dir. of Comm. Energy Div., to R. van der Leeden, Dir. of Reg. Affairs, SoCalGas (April 29, 2020, approving SoCalGas Adv. Letter 5609 (March 30, 2020, effective April 24, 2020), *available at* <https://tariff.socalgas.com/regulatory/tariffs/tm2/pdf/5609.pdf>.

³³ SoCalGas Aug. 2, 2023, Response to Cal Advocates Data Request A.23-07-005_GCIM Year 29_MDR Q 8 issued July 20, 2023.

³⁴ SoCalGas Aug. 2, 2023, Response to Cal Advocates Data Request A.23-07-005_GCIM Year 29_MDR Q 8 issued July 20, 2023.

³⁵ SoCalGas Aug. 2, 2023, Response to Cal Advocates Data Request A.23-07-005_GCIM Year 29_MDR Q 8 issued July 20, 2023.

TABLE 2-13 Southern California Gas Company Core Storage Inventory for Summer and Winter Targets GCIM Year 29 April 1, 2022 Through March 31, 2023		
	7/31/22	10/31/22
Bcf Target	47	80.025 +/-2
Core Physical Inventory	74.6	76.1
Less:		
Secondary Market Services	5.1	-
Add:		
CAT	-	3.2
Total Core Storage Inventory	69.4	79.3
Note: CAT inventory only excluded in July		

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3 **2.14 Interstate Capacity Procurement**

4 In Advice Letter 5699, effective October 28, 2020, the Commission authorized
5 SoCalGas to update its Capacity Planning Range, which was based on the California
6 Gas Report for 2020.³⁶ The filing was to comply with D.04-09-022 and Advice Letter
7 3969-G to update SoCalGas and SDG&E’s combined portfolio capacity for the winter
8 and non-winter seasons. Table 2-14 summarizes the minimum and maximum capacity
9 values by season for the reporting period.³⁷

10

³⁶ See Letter from Energy Division PAL coordinator, to R. van der Leeden, Dir. of Reg. Affairs, SoCalGas (Oct 29, 2020, approving SoCalGas Adv. Letter 5699 (Sept. 28, 2020, effective Oct 28, 2020), *available at* tariff.socalgas.com/regulatory/tariffs/tm2/pdf/submittals/GAS_5699.pdf.

³⁷ SoCalGas Advice Letter No. 5699 (Sept. 28, 2020) at 2.

TABLE 2-14 Southern California Gas Company Capacity Ranges GCIM Year 29 April 1, 2022 Through March 31, 2023		
	Minimum Capacity	Maximum Capacity
Non-Winter (April to October)	905 MDth/d	1,207 MDth/d
Winter (November to March)	1,006 MDth/d	1,207 MDth/d

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The update enabled SoCalGas to hold firm interstate pipeline capacity at no less than 90% of its forecasted core average daily load during the spring and summer months and no less than 100% during the fall and winter months. This established a minimum firm capacity of 905 MDth/d from April 2022 to October 2022 and 1,006 MDth/d from November 2022 to March 2023. In Appendix C of its GCIM Year 29 Report, SoCalGas presents the actual capacity performance for the GCIM period.³⁸

Proportionally, SoCalGas maintained a gas supply portfolio consisting of approximately 64.7% long-term supply agreements, 34.7% month-to-month base load agreements, and 0.6% daily transactions (purchases and sales).³⁹

³⁸ See SoCalGas GCIM Yr. 29 Rept., App. C (July 17, 2023).

³⁹ See SoCalGas GCIM Yr. 29 Rept. (July 17, 2023) at 12.

APPENDIX A
EXHIBITS FOR PUBLIC ADVOCATES OFFICE REPORT

2-1

Southern California Gas Company
 GCIM Year 29
 April 1, 2022 through March 31, 2023
 Total Actual Cost Summary

	Actual Commodity Cost	Transportation Cost	Reservation Charge	Total Actual Cost
Apr-22	\$ 102,832,727	\$ 572,796	\$ 21,188,847	\$ 124,594,370
May-22	\$ 156,398,146	\$ 750,109	\$ 21,303,886	\$ 178,452,142
Jun-22	\$ 238,932,032	\$ 255,808	\$ 19,691,826	\$ 258,879,666
Jul-22	\$ 143,969,707	\$ 271,963	\$ 20,455,303	\$ 164,696,973
Aug-22	\$ 205,210,011	\$ 289,595	\$ 20,575,521	\$ 226,075,127
Sep-22	\$ 205,005,038	\$ 268,915	\$ 19,401,598	\$ 224,675,552
Oct-22	\$ 115,322,262	\$ 248,008	\$ 21,992,421	\$ 137,562,691
Nov-22	\$ 122,375,581	\$ 612,104	\$ 23,885,669	\$ 146,873,354
Dec-22	\$ 286,623,131	\$ 441,365	\$ 25,066,229	\$ 312,130,725
Jan-23	\$ 1,939,062,517	\$ 582,203	\$ 32,139,503	\$ 1,971,784,223
Feb-23	\$ 440,516,590	\$ 300,815	\$ 28,909,494	\$ 469,726,899
Mar-23	\$ 229,349,385	\$ 1,697,802	\$ 32,666,592	\$ 263,713,779
Total	\$ 4,185,597,127	\$ 6,291,485	\$ 287,276,888	\$ 4,479,165,500

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Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023
Benchmark Cost Summary

	Benchmark Commodity Cost	Transportation Cost	Reservation Charge	Total Benchmark Cost
Apr-22	\$ 118,659,656	\$ 572,796	\$ 21,188,847	\$ 140,421,299
May-22	\$ 162,225,886	\$ 750,109	\$ 21,303,886	\$ 184,279,882
Jun-22	\$ 245,180,986	\$ 255,808	\$ 19,691,826	\$ 265,128,619
Jul-22	\$ 148,010,728	\$ 271,963	\$ 20,455,303	\$ 168,737,994
Aug-22	\$ 213,370,877	\$ 289,595	\$ 20,575,521	\$ 234,235,993
Sep-22	\$ 225,105,027	\$ 268,915	\$ 19,401,598	\$ 244,775,541
Oct-22	\$ 116,375,884	\$ 248,008	\$ 21,992,421	\$ 138,616,313
Nov-22	\$ 140,731,041	\$ 612,104	\$ 23,885,669	\$ 165,228,815
Dec-22	\$ 397,235,398	\$ 441,365	\$ 25,066,229	\$ 422,742,992
Jan-23	\$ 2,159,280,786	\$ 582,203	\$ 32,139,503	\$ 2,192,002,492
Feb-23	\$ 464,290,717	\$ 300,815	\$ 28,909,494	\$ 493,501,026
Mar-23	\$ 212,771,373	\$ 1,697,802	\$ 32,666,592	\$ 247,135,767
Total	\$ 4,603,238,360	\$ 6,291,485	\$ 287,276,888	\$ 4,896,806,733

Southern California Gas Company

GCIM Year 29

April 1, 2022 through March 31, 2023

Actual Commodity Purchases Costs

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Mainline Purchases	\$ 125,641,421	\$ 169,371,744	\$ 205,840,459	\$ 137,452,901	\$ 204,031,549	\$ 194,907,520	\$ 110,642,671	\$ 146,278,048	\$ 341,963,386	\$ 1,044,195,773	\$ 282,361,159	\$ 124,750,161	\$ 3,087,436,793
Border Purchases	\$ 14,869,624	\$ 28,206,278	\$ 58,142,823	\$ 18,071,814	\$ 28,640,491	\$ 28,008,444	\$ 9,056,456	\$ 22,662,116	\$ 227,744,153	\$ 993,704,886	\$ 166,415,388	\$ 113,606,660	\$ 1,709,129,131
Total Commodity Purchases	\$ 140,511,045	\$ 197,578,022	\$ 263,983,282	\$ 155,524,715	\$ 232,672,039	\$ 222,915,964	\$ 119,699,127	\$ 168,940,165	\$ 569,707,538	\$ 2,037,900,659	\$ 448,776,547	\$ 238,356,821	\$ 4,796,565,925
Mainline Sales	\$ (10,573,008)	\$ (24,144,465)	\$ (16,652,476)	\$ (1,494,320)	\$ (8,971,674)	\$ (434,539)	\$ (1,676,714)	\$ (5,512,434)	\$ (64,223,673)	\$ (19,923)	\$ (3,342,308)	\$ (7,309,424)	\$ (144,354,957)
Border and Citygate Sales	\$ (14,152,435)	\$ (13,506,114)	\$ (8,357,965)	\$ (10,121,793)	\$ (12,347,968)	\$ (5,646,756)	\$ (2,745,634)	\$ (35,779,241)	\$ (207,456,523)	\$ (95,689,904)	\$ (5,095,733)	\$ (1,779,337)	\$ (412,679,403)
Total Commodity Sales	\$ (24,725,443)	\$ (37,650,579)	\$ (25,010,441)	\$ (11,616,113)	\$ (21,319,642)	\$ (6,081,295)	\$ (4,422,348)	\$ (41,291,675)	\$ (271,680,197)	\$ (95,709,827)	\$ (8,438,040)	\$ (9,088,761)	\$ (557,034,360)
Subtotal Costs/Revenues	\$ 115,785,602	\$ 159,927,443	\$ 238,972,841	\$ 143,908,602	\$ 211,352,398	\$ 216,834,669	\$ 115,276,779	\$ 127,648,489	\$ 298,027,342	\$ 1,942,190,832	\$ 440,338,507	\$ 229,268,060	\$ 4,239,531,565
Secondary Market Service Revenue	\$ (12,953,219)	\$ (3,529,641)	\$ (51,758)	\$ 57,694	\$ (6,168,671)	\$ (11,829,925)	\$ 45,193	\$ (5,273,142)	\$ (11,404,440)	\$ (3,133,348)	\$ 69,708	\$ 75,388	\$ (54,096,161)
Financial (Gains)/Losses	\$ 344	\$ 344	\$ 229	\$ 229	\$ 229	\$ 229	\$ 229	\$ 229	\$ 229	\$ 240	\$ 240	\$ 240	\$ 3,011
Other Costs	\$ -	\$ -	\$ 10,720	\$ 3,181	\$ 26,055	\$ 65	\$ 61	\$ 5	\$ -	\$ 4,793	\$ 108,136	\$ 5,697	\$ 158,712
Actual Commodity Purchase Cost	\$ 102,832,727	\$ 156,398,146	\$ 238,932,032	\$ 143,969,707	\$ 205,210,011	\$ 205,005,038	\$ 115,322,262	\$ 122,375,581	\$ 286,623,131	\$ 1,939,062,517	\$ 440,516,590	\$ 229,349,385	\$ 4,185,597,127

Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023

Mainline Purchase Summary

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
El Paso - Permian	\$ 14,323,078	\$ 21,691,395	\$ 26,164,378	\$ 14,291,274	\$ 24,528,075	\$ 22,758,840	\$ 7,719,827	\$ 8,710,877	\$ 12,980,381	\$ 15,364,036	\$ 6,061,633	\$ 4,739,171	\$ 179,332,965
El Paso - San Juan	\$ 38,020,282	\$ 52,725,184	\$ 68,515,500	\$ 41,186,878	\$ 61,852,292	\$ 71,506,276	\$ 37,723,299	\$ 53,129,234	\$ 92,574,637	\$ 304,026,240	\$ 108,569,260	\$ 29,761,517	\$ 959,590,599
Transwestern - Permian	\$ 12,017,263	\$ 15,891,275	\$ 17,246,723	\$ 16,604,650	\$ 24,324,415	\$ 18,183,062	\$ 6,280,736	\$ 1,251,599	\$ 1,971,166	\$ 2,235,988	\$ 777,248	\$ 659,355	\$ 117,443,480
Transwestern - San Juan	\$ 19,497,492	\$ 22,409,889	\$ 18,863,940	\$ 9,325,916	\$ 13,482,858	\$ 11,804,220	\$ 12,718,319	\$ 21,503,983	\$ 53,680,713	\$ 201,878,709	\$ 44,669,832	\$ 6,164,217	\$ 436,000,087
Kern River	\$ 35,680,275	\$ 48,436,629	\$ 65,178,414	\$ 46,797,373	\$ 67,525,336	\$ 65,408,360	\$ 41,526,232	\$ 45,700,719	\$ 130,862,598	\$ 476,441,567	\$ 98,863,586	\$ 75,220,715	\$ 1,197,641,804
Enterprise - Waha	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NOVA-AECO/NIT	\$ 6,103,032	\$ 8,217,371	\$ 9,871,505	\$ 9,246,810	\$ 4,784,953	\$ 5,246,763	\$ 4,674,258	\$ 6,727,359	\$ 8,258,454	\$ 7,537,483	\$ 4,964,806	\$ 3,480,787	\$ 79,113,580
GTN-Kingsgate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GTN-Stanfield	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GTN-Malin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
White River Hub	\$ -	\$ -	\$ -	\$ -	\$ 7,533,620	\$ -	\$ -	\$ 9,254,277	\$ 41,635,436	\$ 36,711,750	\$ 18,454,794	\$ 4,724,400	\$ 118,314,278
Less 75% Winter Hedge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Mainline Purchases	\$ 125,641,421	\$ 169,371,744	\$ 205,840,459	\$ 137,452,901	\$ 204,031,549	\$ 194,907,520	\$ 110,642,671	\$ 146,278,048	\$ 341,963,386	\$ 1,044,195,773	\$ 282,361,159	\$ 124,750,161	\$ 3,087,436,793

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Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023

Border and Citygate Purchases Summary

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Border Purchases	\$ 1,641,504	\$ 1,303,758	\$ 6,448,172	\$ 3,884,400	\$ 14,124,970	\$ 11,389,930	\$ 6,853,809	\$ 17,786,104	\$ 52,800,647	\$ 188,488,518	\$ 20,686,619	\$ 11,751,465	\$ 337,159,897
SoCal Citygate Purchases	\$ 13,228,119	\$ 26,902,520	\$ 51,694,651	\$ 14,187,414	\$ 14,515,520	\$ 16,618,514	\$ 2,202,648	\$ 4,902,263	\$ 187,251,005	\$ 831,033,242	\$ 148,211,268	\$ 103,109,570	\$ 1,413,856,734
Less 75% Winter Hedge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,250	\$ 12,307,500	\$ 25,816,875	\$ 2,482,500	\$ 1,254,375	\$ 41,887,500
Total Border and Citygate Purchases	\$ 14,869,624	\$ 28,206,278	\$ 58,142,823	\$ 18,071,814	\$ 28,640,491	\$ 28,008,444	\$ 9,056,456	\$ 22,662,116	\$ 227,744,153	\$ 993,704,886	\$ 166,415,388	\$ 113,606,660	\$ 1,709,129,131

* Excludes 75% of winter hedge costs/revenues from calculation.

Southern California Gas Company
 GCIM Year 29
 April 1, 2022 through March 31, 2023

	Mainline Sale Summary													
	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total	
El Paso - Permian \$	(4,583,549)	(9,908,877)	(5,889,483)	(50,843)	(709,692)	-	(486,684)	(675,069)	(48,423)	140,976	-	(1,050)	(22,212,693)	
El Paso - San Juan \$	(169,193)	(7,085,357)	(4,096,056)	(499,140)	(12,238)	(9,515)	(247,406)	(985,670)	(10,930,607)	(15,617)	(266,531)	(9,395)	(24,326,726)	
Transwestern - Permian \$	(74,438)	(916,860)	(204,931)	(394,776)	(438,055)	(64,248)	(74,959)	(213,882)	(490,316)	-	(1,388,082)	(71,415)	(4,331,963)	
Transwestern - San Juan \$	(3,020,464)	(4,744,335)	(502,421)	-	(7,388,350)	(218,243)	(183,243)	(22,498)	(1,860,406)	-	(327,093)	-	(18,267,051)	
Kern River \$	(2,433,747)	(41,945)	(4,439,828)	-	(317,470)	(101,850)	(221,800)	(3,540,370)	(37,100,582)	-	(1,029,985)	(7,146,530)	(56,374,107)	
Enterprise - Waha \$	-	-	-	-	-	-	-	-	-	-	-	-	-	
NOVA-AECO/NIT \$	(291,618)	(1,447,091)	(1,519,755)	(549,561)	(105,870)	(40,684)	(462,622)	(74,944)	(58,672)	(20,582)	(307,917)	(81,034)	(4,960,350)	
White River Hub \$	-	-	-	-	-	-	-	-	(13,734,667)	(124,700)	(22,700)	-	(13,882,067)	
Less 75% Winter Hedge \$	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Mainline Sales \$	(10,573,008)	(24,144,465)	(16,652,476)	(1,494,320)	(8,971,674)	(434,539)	(1,676,714)	(5,512,434)	(64,223,673)	(19,923)	(3,342,308)	(7,309,424)	(144,354,957)	

* Excludes 75% of winter hedge costs/revenues from calculation.

2-3d

Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023

Border and Citygate Sale Summary

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Border Sales	\$ (11,547,414)	\$ (13,211,739)	\$ (8,227,463)	\$ (9,513,918)	\$ (7,997,810)	\$ (101,250)	\$ (140,028)	\$ (16,034,145)	\$ (81,632,548)	\$ (106,803)	\$ (1,375,568)	\$ (620,757)	\$ (150,509,443)
SoCal Citygate Sales	\$ (2,605,021)	\$ (294,375)	\$ (130,502)	\$ (607,875)	\$ (4,350,158)	\$ (5,545,506)	\$ (2,605,606)	\$ (19,684,547)	\$ (138,279,078)	\$ (96,082,958)	\$ (3,720,165)	\$ (1,158,580)	\$ (275,064,369)
PG&E- Topock Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (60,550)	\$ -	\$ -	\$ -	\$ -	\$ (60,550)
Less 75% Winter Hedge Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,455,102)	\$ (499,856)	\$ -	\$ -	\$ (12,954,958)
Total Border and Citygate Sales	\$ (14,152,435)	\$ (13,506,114)	\$ (8,357,965)	\$ (10,121,793)	\$ (12,347,968)	\$ (5,646,756)	\$ (2,745,634)	\$ (35,779,241)	\$ (207,456,523)	\$ (95,689,904)	\$ (5,095,733)	\$ (1,779,337)	\$ (412,679,403)

* Excludes 75% of winter hedge costs/revenues from calculation.

2-3e

Southern California Gas Company
 GCIM Year 29
 April 1, 2022 through March 31, 2023

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Secondary Market Service Revenue	\$ (13,019,403)	\$ (4,034,250)	\$ (115,177)	\$ -	\$ (6,281,925)	\$ (11,895,455)	\$ -	\$ (5,352,925)	\$ (11,462,500)	\$ (3,197,500)	\$ -	\$ -	\$ (55,359,135)
Overhead Cost	\$ 66,184	\$ 504,609	\$ 63,419	\$ 57,694	\$ 113,254	\$ 65,530	\$ 45,193	\$ 79,783	\$ 58,060	\$ 64,152	\$ 69,708	\$ 75,388	\$ 1,262,974
Net Secondary Market Service Revenue	\$ (12,953,219)	\$ (3,529,641)	\$ (51,758)	\$ 57,694	\$ (6,168,671)	\$ (11,829,925)	\$ 45,193	\$ (5,273,142)	\$ (11,404,440)	\$ (3,133,348)	\$ 69,708	\$ 75,388	\$ (54,096,161)

2-3f

Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023
Off-System Parking Fee

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Off System Parking Fee \$	-	-	10,720	3,181	26,055	65	61	5	-	4,793	108,136	5,697	158,712
Total \$	-	-	10,720	3,181	26,055	65	61	5	-	4,793	108,136	5,697	158,712

2-3g

Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023
Total Financial Derivatives Summary

	Costs/(Gain)	Transaction Cost	Total Financial Cost/(Gain)
Apr-22	\$ -	\$ 344	\$ 344
May-22	\$ -	\$ 344	\$ 344
Jun-22	\$ -	\$ 229	\$ 229
Jul-22	\$ -	\$ 229	\$ 229
Aug-22	\$ -	\$ 229	\$ 229
Sep-22	\$ -	\$ 229	\$ 229
Oct-22	\$ -	\$ 229	\$ 229
Nov-22	\$ 8,750	\$ 229	\$ 8,979
Dec-22	\$ (49,201)	\$ 229	\$ (48,971)
Jan-23	\$ 8,439,006	\$ 240	\$ 8,439,246
Feb-23	\$ 827,500	\$ 240	\$ 827,740
Mar-23	\$ 418,125	\$ 240	\$ 418,365
Total	\$ 9,644,181	\$ 3,011	\$ 9,647,191

Recorded: \$ 9,647,191

Variance \$ -

2-3h
Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023
Hedge Detail

Non-Winter Hedge						25% Winter Hedge			
NYMEX Option Premiums (Gain)/Loss	OTC Cleared Swaps (Gain)/Loss	OTC Clear Option Premiums (Gain)/Loss	Future (Gain)/Loss	Exchange Traded Broker Fee	Financial Swap Broker Fee	Costs	Revenues	Total	
Apr-22	\$ -	\$ -	\$ -	\$ -	\$ -	344	\$ -	\$ 344	
May-22	\$ -	\$ -	\$ -	\$ -	\$ -	344	\$ -	\$ 344	
Jun-22	\$ -	\$ -	\$ -	\$ -	\$ -	229	\$ -	\$ 229	
Jul-22	\$ -	\$ -	\$ -	\$ -	\$ -	229	\$ -	\$ 229	
Aug-22	\$ -	\$ -	\$ -	\$ -	\$ -	229	\$ -	\$ 229	
Sep-22	\$ -	\$ -	\$ -	\$ -	\$ -	229	\$ -	\$ 229	
Oct-22	\$ -	\$ -	\$ -	\$ -	\$ -	229	\$ -	\$ 229	
Nov-22	\$ -	\$ -	\$ -	\$ -	\$ -	229	\$ 8,750	\$ 8,979	
Dec-22	\$ -	\$ -	\$ -	\$ -	\$ -	229	\$ 4,102,500	\$ (4,151,701)	
Jan-23	\$ -	\$ -	\$ -	\$ -	\$ -	240	\$ 8,605,625	\$ (166,619)	
Feb-23	\$ -	\$ -	\$ -	\$ -	\$ -	240	\$ 827,500	\$ 827,740	
Mar-23	\$ -	\$ -	\$ -	\$ -	\$ -	240	\$ 418,125	\$ 418,365	
Total	\$ -	\$ -	\$ -	\$ -	\$ -	3,011	\$ 13,962,500	\$ (4,318,319)	\$ 9,647,191

A	B	C	D	E	F	G	H	I
						Non-Winter Hedge:	A+B+C+D	\$ -
						Non-Winter Transaction Cost:	E+F	\$ 3,011
								\$ 3,011
						Winter Hedge:	G+H+I	\$ 9,644,181
								\$ 9,644,181
						Financial Cost Total Included in GCIM:		\$ 9,647,191

2-3i

Southern California Gas Company
 GCIM Year 29
 April 1, 2022 through March 31, 2023
 Winter Hedge Costs

	25% Winter		75% Winter		Total
	Costs	Revenues	Costs	Revenues	
Apr-22	\$ -	\$ -	\$ -	\$ -	\$ -
May-22	\$ -	\$ -	\$ -	\$ -	\$ -
Jun-22	\$ -	\$ -	\$ -	\$ -	\$ -
Jul-22	\$ -	\$ -	\$ -	\$ -	\$ -
Aug-22	\$ -	\$ -	\$ -	\$ -	\$ -
Sep-22	\$ -	\$ -	\$ -	\$ -	\$ -
Oct-22	\$ -	\$ -	\$ -	\$ -	\$ -
Nov-22	\$ 8,750	\$ -	\$ 26,250	\$ -	\$ 35,000
Dec-22	\$ 4,102,500	\$ (4,151,701)	\$ 12,307,500	\$ (12,455,102)	\$ (196,803)
Jan-23	\$ 8,605,625	\$ (166,619)	\$ 25,816,875	\$ (499,856)	\$ 33,756,025
Feb-23	\$ 827,500	\$ -	\$ 2,482,500	\$ -	\$ 3,310,000
Mar-23	\$ 418,125	\$ -	\$ 1,254,375	\$ -	\$ 1,672,500
Total	\$ 13,962,500	\$ (4,318,319)	\$ 41,887,500	\$ (12,954,958)	\$ 38,576,722

25% Winter	\$ 9,644,181
75% Winter	\$ 28,932,542
100% Winter	<u>\$ 38,576,722</u>

2-4b

Southern California Gas Company
 GCIM Year 29
 April 1, 2022 through March 31, 2023
 Benchmark Commodity Costs

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Mainline Benchmark Commodity Cost	\$ 114,992,680	\$ 146,741,154	\$ 186,238,124	\$ 134,950,865	\$ 194,709,597	\$ 195,400,031	\$ 108,305,491	\$ 140,568,536	\$ 277,823,412	\$ 1,122,889,760	\$ 300,448,134	\$ 118,309,928	\$ 3,041,377,714
Border Commodity Cost	\$ (7,526,797)	\$ (10,141,794)	\$ (3,400,785)	\$ (3,840,737)	\$ 7,225,461	\$ 12,893,986	\$ 7,770,369	\$ 7,287,786	\$ (365,596)	\$ 155,471,543	\$ 16,244,231	\$ 9,373,436	\$ 150,991,102
Chiygate Commodity Cost	\$ 11,193,772	\$ 25,626,525	\$ 62,343,646	\$ 16,900,600	\$ 11,435,820	\$ 16,811,010	\$ 300,024	\$ (7,082,405)	\$ 119,777,582	\$ 880,919,483	\$ 147,598,352	\$ 85,088,009	\$ 1,370,912,419
PG&E Topock Commodity Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (42,875)	\$ -	\$ -	\$ -	\$ -	\$ (42,875)
Total Benchmark Commodity Costs	\$ 118,659,656	\$ 162,225,886	\$ 245,180,986	\$ 148,010,728	\$ 213,370,877	\$ 225,105,027	\$ 116,375,884	\$ 140,731,041	\$ 397,235,398	\$ 2,159,280,786	\$ 464,290,717	\$ 212,771,373	\$ 4,603,238,360

Southern California Gas Company
 GCM Year 29
 April 1, 2022 through March 31, 2023
 Reservation Charges

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
El Paso	\$ 4,763,670	\$ 4,757,789	\$ 4,695,890	\$ 4,737,317	\$ 4,730,149	\$ 4,762,415	\$ 4,749,583	\$ 5,907,376	\$ 5,722,715	\$ 5,642,268	\$ 5,640,628	\$ 5,698,535	\$ 61,808,336
Transwestern	\$ 2,632,500	\$ 2,720,250	\$ 2,098,278	\$ 1,865,971	\$ 1,865,971	\$ 2,156,778	\$ 2,720,250	\$ 3,255,678	\$ 3,364,201	\$ 3,435,811	\$ 3,103,313	\$ 3,435,811	\$ 32,654,810
Kern River	\$ 1,643,153	\$ 1,697,925	\$ 2,103,491	\$ 3,383,568	\$ 3,383,568	\$ 2,153,947	\$ 2,620,968	\$ 1,843,500	\$ 2,780,923	\$ 2,780,923	\$ 2,511,802	\$ 2,488,208	\$ 29,391,975
Nova (A)	\$ 257,897	\$ 253,401	\$ 258,402	\$ 255,783	\$ 256,056	\$ 248,435	\$ 241,685	\$ 245,975	\$ 243,470	\$ 264,443	\$ 263,794	\$ 259,385	\$ 3,048,727
Foothills (B)	\$ 117,989	\$ 115,932	\$ 116,302	\$ 115,200	\$ 115,323	\$ 111,891	\$ 108,850	\$ 110,783	\$ 109,655	\$ 113,969	\$ 113,690	\$ 111,789	\$ 1,361,375
GTN (C)	\$ 394,318	\$ 405,928	\$ 379,522	\$ 401,989	\$ 386,627	\$ 374,958	\$ 404,198	\$ 394,318	\$ 406,955	\$ 404,327	\$ 368,030	\$ 405,562	\$ 4,726,732
PG&E (D)	\$ 297,373	\$ 297,373	\$ 297,373	\$ 297,373	\$ 297,373	\$ 297,373	\$ 297,373	\$ 297,373	\$ 297,373	\$ 297,373	\$ 297,373	\$ 297,373	\$ 3,568,476
Canadian Path (A)+(B)+(C)+(D)	\$ 1,067,578	\$ 1,072,634	\$ 1,051,600	\$ 1,070,345	\$ 1,055,380	\$ 1,032,658	\$ 1,052,107	\$ 1,048,449	\$ 1,057,452	\$ 1,080,112	\$ 1,042,887	\$ 1,074,110	\$ 12,705,310
Northwest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Southern Tails	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
North Baja	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gassoducto De Aquaprieta	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ruby	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wyoming Interstate Company	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Colorado Interstate Gas Company	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Backbone Transportation Service Charges	\$ 11,081,946	\$ 11,055,288	\$ 9,742,567	\$ 9,398,102	\$ 9,540,453	\$ 9,295,800	\$ 10,849,513	\$ 11,830,666	\$ 12,140,938	\$ 19,200,389	\$ 16,610,865	\$ 19,969,929	\$ 150,716,457
Brokered Capacity Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Backbone Transportation	\$ 11,081,946	\$ 11,055,288	\$ 9,742,567	\$ 9,398,102	\$ 9,540,453	\$ 9,295,800	\$ 10,849,513	\$ 11,830,666	\$ 12,140,938	\$ 19,200,389	\$ 16,610,865	\$ 19,969,929	\$ 150,716,457
Total Reservation Charges	\$ 21,188,847	\$ 21,303,886	\$ 19,691,826	\$ 20,455,303	\$ 20,575,521	\$ 19,401,598	\$ 21,992,421	\$ 23,885,669	\$ 25,066,229	\$ 32,139,503	\$ 28,909,494	\$ 32,666,592	\$ 287,276,888

Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023
Transportation Charges

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
El Paso \$	123,934	\$ 119,418	\$ 109,932	\$ 111,953	\$ 127,647	\$ 123,434	\$ 101,014	\$ 164,409	\$ 186,442	\$ 165,675	\$ 157,151	\$ (363,338)	\$ 1,127,671
Transwestern \$	106,393	\$ 98,387	\$ 75,548	\$ 83,733	\$ 87,016	\$ 69,906	\$ 75,475	\$ 98,765	\$ 115,051	\$ 90,308	\$ 61,198	\$ 33,838	\$ 995,617
Kern River \$	309,284	\$ 500,371	\$ 39,950	\$ 42,894	\$ 45,649	\$ 43,898	\$ 44,739	\$ 313,728	\$ 103,638	\$ 290,285	\$ 49,774	\$ 1,998,279	\$ 3,782,488
Northwest \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (429)	\$ -	\$ -	\$ (429)
Canadian Path \$	33,186	\$ 31,933	\$ 30,378	\$ 33,384	\$ 29,392	\$ 31,678	\$ 26,779	\$ 35,202	\$ 36,235	\$ 36,364	\$ 32,692	\$ 30,000	\$ 387,222
Mexican Path \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ruby \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wyoming Interstate Company \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (977)	\$ (977)
Colorado Interstate Gas Company \$	-	\$ -	\$ -	\$ -	\$ (108.78)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (109)
Total \$	572,796	\$ 750,109	\$ 255,808	\$ 271,963	\$ 289,595	\$ 268,915	\$ 248,008	\$ 612,104	\$ 441,365	\$ 582,203	\$ 300,815	\$ 1,697,802	\$ 6,291,485

Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023

	Net Commodity Purchase Costs												
	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Mainline Purchases	\$ 125,641,421	\$ 169,371,744	\$ 205,840,459	\$ 137,452,901	\$ 204,031,549	\$ 194,907,520	\$ 110,642,671	\$ 146,278,048	\$ 341,963,386	\$ 1,044,195,773	\$ 282,361,159	\$ 124,750,161	\$ 3,087,436,793
Border Purchases	\$ 14,869,624	\$ 28,206,278	\$ 58,142,823	\$ 18,071,814	\$ 28,640,491	\$ 28,008,444	\$ 9,056,456	\$ 22,662,116	\$ 227,744,153	\$ 993,704,886	\$ 166,415,388	\$ 113,606,660	\$ 1,709,129,131
Total Commodity Purchases	\$ 140,511,045	\$ 197,578,022	\$ 263,983,282	\$ 155,524,715	\$ 232,672,039	\$ 222,915,964	\$ 119,699,127	\$ 168,940,165	\$ 569,707,538	\$ 2,037,900,659	\$ 448,776,547	\$ 238,356,821	\$ 4,796,565,925
Mainline Sales	\$ (10,573,008)	\$ (24,144,465)	\$ (16,652,476)	\$ (1,494,320)	\$ (8,971,674)	\$ (434,539)	\$ (1,676,714)	\$ (5,512,434)	\$ (64,223,673)	\$ (19,923)	\$ (3,342,308)	\$ (7,309,424)	\$ (144,354,957)
Border Sales	\$ (4,152,435)	\$ (13,506,114)	\$ (8,357,965)	\$ (10,121,793)	\$ (12,347,968)	\$ (5,646,756)	\$ (2,745,634)	\$ (35,779,241)	\$ (207,456,523)	\$ (95,689,904)	\$ (5,095,733)	\$ (1,779,337)	\$ (412,679,403)
Total Commodity Sales	\$ (24,725,443)	\$ (37,650,579)	\$ (25,010,441)	\$ (11,616,113)	\$ (21,319,642)	\$ (6,081,295)	\$ (4,422,348)	\$ (41,291,675)	\$ (271,680,197)	\$ (95,709,827)	\$ (8,438,040)	\$ (9,088,761)	\$ (557,034,360)
Net Commodity Purchases	\$ 115,785,602	\$ 159,927,443	\$ 238,972,841	\$ 143,908,602	\$ 211,352,398	\$ 216,834,669	\$ 115,276,779	\$ 127,648,489	\$ 298,027,342	\$ 1,942,190,832	\$ 440,338,507	\$ 229,268,060	\$ 4,239,531,565

Southern California Gas Company
 GCIM Year 29
 April 1, 2022 through March 31, 2023
 Net Mainline Purchases by Pipelines

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
El Paso - Permian	\$ 28,646,156	\$ 11,782,519	\$ 20,274,894	\$ 14,240,431	\$ 23,818,384	\$ 22,758,840	\$ 7,233,143	\$ 8,035,807	\$ 12,931,958	\$ 15,505,012	\$ 6,061,633	\$ 4,738,121	\$ 176,026,898
El Paso - San Juan	\$ 76,040,564	\$ 45,639,827	\$ 64,419,444	\$ 40,687,737	\$ 61,840,054	\$ 71,496,761	\$ 37,475,892	\$ 52,143,564	\$ 81,644,030	\$ 304,010,623	\$ 108,302,729	\$ 29,752,122	\$ 973,453,348
Transwestern - Permian	\$ 24,034,526	\$ 14,974,415	\$ 17,041,791	\$ 16,209,875	\$ 23,886,360	\$ 18,118,814	\$ 6,205,777	\$ 1,037,717	\$ 1,480,850	\$ 2,235,988	\$ (610,834)	\$ 587,940	\$ 125,203,218
Transwestern - San Juan	\$ 38,994,984	\$ 17,665,554	\$ 18,361,519	\$ 9,325,916	\$ 6,094,508	\$ 11,585,978	\$ 12,535,077	\$ 21,481,486	\$ 51,820,307	\$ 201,878,709	\$ 44,342,739	\$ 6,164,217	\$ 440,250,991
Kern River	\$ 71,360,550	\$ 48,394,684	\$ 60,738,585	\$ 46,797,373	\$ 67,207,866	\$ 65,306,510	\$ 41,304,432	\$ 42,160,349	\$ 93,762,016	\$ 476,441,567	\$ 97,833,601	\$ 68,074,185	\$ 1,179,381,719
Enterprise - Waha	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NOVA-AECO/NIT	\$ 12,206,064	\$ 6,770,280	\$ 8,351,750	\$ 8,697,248	\$ 4,679,083	\$ 5,206,079	\$ 4,211,636	\$ 6,652,415	\$ 8,199,782	\$ 7,516,901	\$ 4,656,889	\$ 3,399,753	\$ 80,547,881
GTN-Malin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Mainline Purchases	\$ 251,282,843	\$ 145,227,279	\$ 189,187,983	\$ 135,958,581	\$ 187,526,255	\$ 194,472,982	\$ 108,965,957	\$ 131,511,337	\$ 249,838,943	\$ 1,007,588,800	\$ 260,586,757	\$ 112,716,338	\$ 2,974,864,055

*Net = purchases + Sale

Southern California Gas Company

GCIM Year 23

April 1, 2022 through March 31, 2023

Net Border and Citygate Purchase Summary

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Total Border and Citygate Purchases \$	14,869,624	\$ 28,206,278	\$ 58,142,823	\$ 18,071,814	\$ 28,640,491	\$ 28,008,444	\$ 9,056,456	\$ 22,662,116	\$ 227,744,153	\$ 993,704,886	\$ 166,415,388	\$ 113,606,660	\$ 1,709,129,131
Total Border Sales \$	(14,152,435)	\$ (13,506,114)	\$ (8,357,965)	\$ (10,121,793)	\$ (12,347,968)	\$ (5,646,756)	\$ (2,745,634)	\$ (35,779,241)	\$ (207,456,523)	\$ (95,689,904)	\$ (5,095,733)	\$ (1,779,337)	\$ (412,679,403)
Net Border and Citygate Purchases \$	717,188	\$ 14,700,164	\$ 49,784,858	\$ 7,950,021	\$ 16,292,523	\$ 22,361,688	\$ 6,310,822	\$ (13,117,125)	\$ 20,287,629	\$ 898,014,982	\$ 161,319,655	\$ 111,827,323	\$ 1,296,449,728

Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Mainline Purchases	26,392,507	26,960,817	24,160,362	22,737,734	25,006,932	23,753,908	21,914,643	27,708,915	32,647,693	32,834,400	28,475,253	32,882,140	325,475,304
Mainline Sales	(1,935,866)	(3,323,008)	(2,264,420)	(271,385)	(1,110,613)	(63,887)	(459,514)	(764,075)	(2,352,133)	(529,950)	(988,369)	(1,240,009)	(15,303,229)
Net Mainline Purchase Volume	24,456,641	23,637,809	21,895,942	22,466,349	23,896,319	23,690,021	21,455,129	26,944,840	30,295,560	32,304,450	27,486,884	31,642,131	310,172,075
Border and Citygate Purchases	2,805,265	3,899,817	6,709,727	2,863,484	3,049,213	3,323,174	1,596,131	3,402,448	14,722,512	21,829,451	13,092,489	14,293,964	91,587,675
Border and Citygate Sales	(2,164,628)	(1,729,853)	(1,119,724)	(1,156,400)	(1,172,610)	(548,300)	(376,580)	(3,288,971)	(6,829,946)	(2,292,928)	(280,327)	(216,628)	(21,176,895)
Net Border and Citygate Purchase Volume	640,637	2,169,964	5,590,003	1,707,084	1,876,603	2,774,874	1,219,551	113,477	7,892,566	19,536,523	12,812,162	14,077,336	70,410,780
Net Commodity Purchase Volume	25,097,278	25,807,773	27,485,945	24,173,433	25,772,922	26,464,895	22,674,680	27,058,317	38,188,126	51,840,973	40,299,046	45,719,467	380,582,855
Actual Transported Volume	24,474,477	25,159,066	26,868,491	23,517,026	25,077,290	25,790,670	22,075,364	26,311,264	36,162,358	50,889,475	39,529,160	44,862,512	370,717,153

26,392,507 26,960,817 24,160,362 22,737,734 25,006,932 23,753,908 21,914,643 27,708,915 32,647,693 32,834,400 28,475,253 32,882,140 325,475,304

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Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023
Net Mainline Purchase Volume

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Mainline Purchase Total	26,392,507	26,960,817	24,160,362	22,737,734	25,006,932	23,753,908	21,914,643	27,708,915	32,647,693	32,834,400	28,475,253	32,882,140	325,475,304
Mainline Sale Total	(1,935,866)	(3,323,008)	(2,264,420)	(271,385)	(1,110,613)	(63,887)	(459,514)	(764,075)	(2,352,133)	(529,950)	(988,369)	(1,240,009)	(15,303,229)
Net Mainline Purchase Volume	24,456,641	23,637,809	21,895,942	22,466,349	23,896,319	23,690,021	21,455,129	26,944,840	30,295,560	32,304,450	27,486,884	31,642,131	310,172,075

Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023
Total Mainline Purchase Volume

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
El Paso - Permian	3,189,679	3,618,462	3,113,931	2,516,598	3,003,808	2,835,407	2,149,708	2,742,096	2,842,249	2,900,565	2,639,120	3,234,027	34,785,650
El Paso - San Juan	7,855,929	8,142,315	7,877,648	6,666,009	7,265,526	8,277,868	6,830,557	9,507,880	8,835,912	9,351,269	9,434,005	9,423,170	99,468,088
Transwestern - Permian	2,641,196	2,763,700	2,047,841	2,933,972	3,021,302	2,371,684	1,818,874	399,872	408,109	417,162	373,677	417,313	19,614,702
Transwestern - San Juan	3,904,993	3,319,253	2,177,216	1,504,584	1,567,250	1,367,929	2,374,503	3,858,489	4,930,817	5,698,502	3,952,164	1,955,446	36,611,146
Kern River	7,174,160	7,436,418	7,317,269	7,435,901	7,897,968	7,400,500	7,384,481	7,780,019	9,352,726	9,376,234	7,905,567	14,311,514	100,772,757
Enterprise - Waha	-	-	-	-	-	-	-	-	-	-	-	-	-
NOVA-AECO/NIT	1,626,550	1,680,669	1,626,457	1,680,670	1,352,078	1,500,520	1,356,520	1,623,612	1,674,793	1,680,668	1,650,721	1,680,670	19,133,928
GTN-Kingsgate	-	-	-	-	-	-	-	-	-	-	-	-	-
GTN-Stanfield	-	-	-	-	-	-	-	-	-	-	-	-	-
GTN-Malin	-	-	-	-	-	-	-	-	-	-	-	-	-
White River Hub	-	-	-	-	899,000	-	-	1,796,947	4,603,087	3,410,000	2,519,999	1,860,000	15,089,033
75% of Winter Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Mainline Purchase Volume	26,392,507	26,960,817	24,160,362	22,737,734	25,006,932	23,753,908	21,914,643	27,708,915	32,647,693	32,834,400	28,475,253	32,882,140	325,475,304

Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023

Total Mainline Sale Volume													
	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
El Paso - Permian	(811,395)	(1,400,735)	(836,525)	(7,801)	(97,911)	-	(109,669)	(151,759)	(44,484)	(494,178)	-	(700)	(3,955,157)
El Paso - San Juan	(30,000)	(929,671)	(507,600)	(68,806)	(1,700)	(1,100)	(42,500)	(131,742)	(725,037)	(1,572)	(40,779)	(4,700)	(2,485,207)
Transwestern - Permian	(14,881)	(124,000)	(35,333)	(65,301)	(57,900)	(15,000)	(21,132)	(54,946)	(136,199)	-	(723,909)	(50,300)	(1,298,901)
Transwestern - San Juan	(616,654)	(610,861)	(65,000)	-	(862,945)	(30,000)	(31,000)	(1,800)	(82,252)	-	(20,000)	-	(2,320,512)
Kern River	(414,600)	(6,000)	(570,400)	-	(40,200)	(13,900)	(38,250)	(411,600)	(1,351,743)	-	(60,000)	(1,158,340)	(4,065,033)
Enterprise - Waha	-	-	-	-	-	-	-	-	-	-	-	-	-
NOVA-AECO/NIT	(48,336)	(251,741)	(249,562)	(129,477)	(49,957)	(3,887)	(216,963)	(12,228)	(12,418)	-	(138,481)	(25,969)	(1,139,019)
GTN-Kingsgate	-	-	-	-	-	-	-	-	-	-	-	-	-
GTN-Stanfield	-	-	-	-	-	-	-	-	-	-	-	-	-
GTN-Malin	-	-	-	-	-	-	-	-	-	-	-	-	-
White River Hub	-	-	-	-	-	-	-	-	-	(34,200)	(5,200)	-	(39,400)
75% Winter Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Mainline Sale Volume	(1,935,866)	(3,323,008)	(2,264,420)	(271,385)	(1,110,613)	(63,887)	(459,514)	(764,075)	(2,352,133)	(529,950)	(988,369)	(1,240,009)	(15,303,229)

Southern California Gas Company
GCIM Year 29

April 1, 2022 through March 31, 2023
Total Border and Citygate Purchase Volume

	Apr-22	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Border Purchases	253,447	179,045	729,040	544,994	1,497,734	1,257,220	1,200,183	2,702,248	3,179,658	4,104,878	1,795,813	1,925,752	19,370,012
SoCal Citygate Purchases	2,551,818	3,720,772	5,980,687	2,318,490	1,551,479	2,065,954	395,948	700,200	11,917,854	18,512,073	11,371,676	12,405,712	73,492,663
PG&E Topock	-	-	-	-	-	-	-	-	-	-	-	-	-
Less 75% Winter Hedge	-	-	-	-	-	-	-	-	375,000	787,500	75,000	37,500	1,275,000
Total Border and Citygate Purchases	2,805,265	3,899,817	6,709,727	2,863,484	3,049,213	3,323,174	1,596,131	3,402,448	14,722,512	21,829,451	13,092,489	14,293,964	91,587,675

Southern California Gas Company
GCIM Year 29

April 1, 2022 through March 31, 2023

Actual Total Border and Citygate Sale Volume

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Border Sales	(1,789,528)	(1,691,053)	(1,093,540)	(1,076,400)	(757,610)	(7,500)	(25,080)	(1,607,575)	(2,898,396)	(3,303)	(88,227)	(89,128)	(11,127,340)
Socal Citygate Sales	(375,100)	(38,800)	(26,184)	(80,000)	(415,000)	(540,800)	(351,500)	(1,674,396)	(4,279,100)	(2,314,000)	(192,100)	(127,500)	(10,414,480)
PG&E Topock Sales	-	-	-	-	-	-	-	(7,000)	-	-	-	-	(7,000)
Less 75% Winter Hedge	-	-	-	-	-	-	-	-	(347,550)	(24,375)	-	-	(371,925)
Total Border and Citygate Sales	(2,164,628)	(1,729,853)	(1,119,724)	(1,156,400)	(1,172,610)	(548,300)	(376,580)	(3,288,971)	(6,829,946)	(2,292,928)	(280,327)	(216,628)	(21,176,895)

Southern California Gas Company
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April 1, 2022 through March 31, 2023
Net Border and Citygate Purchase Volume

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Border Purchases	253,447	179,045	729,040	544,994	1,497,734	1,257,220	1,200,183	2,702,248	3,179,658	4,104,878	1,795,813	1,925,752	19,370,012
Border Sale	(1,789,528)	(1,691,053)	(1,093,540)	(1,076,400)	(757,610)	(7,500)	(25,080)	(1,607,575)	(2,898,396)	(3,303)	(88,227)	(89,128)	(11,127,340)
Net Border Purchases	(1,536,081)	(1,512,008)	(364,500)	(531,406)	740,124	1,249,720	1,175,103	1,094,673	281,262	4,101,575	1,707,586	1,836,624	8,242,672
SoCal Citygate Purchases	2,551,818	3,720,772	5,980,687	2,318,490	1,551,479	2,065,954	395,948	700,200	11,917,854	18,512,073	11,371,676	12,405,712	73,492,663
SoCal Citygate Sales	(375,100)	(38,800)	(26,184)	(80,000)	(415,000)	(540,800)	(351,500)	(1,674,396)	(4,279,100)	(2,314,000)	(192,100)	(127,500)	(10,414,480)
Net SoCal Citygate Purchases	2,176,718	3,681,972	5,954,503	2,238,490	1,136,479	1,525,154	44,448	(974,196)	7,638,754	16,198,073	11,179,576	12,278,212	63,078,183
PG&E Topock Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
PG&E Topock Sales	-	-	-	-	-	-	-	(7,000)	-	-	-	-	(7,000)
PG&E Topock Purchases	-	-	-	-	-	-	-	(7,000)	-	-	-	-	(7,000)
Total Border and Citygate Purchases	640,637	2,169,964	5,590,003	1,707,084	1,876,603	2,774,874	1,219,551	113,477	7,920,016	20,299,648	12,887,162	14,114,836	71,313,855

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**Southern California Gas Company
GCIM Year 29
April 1, 2022 through March 31, 2023
Benchmark Spot Prices**

* Publications for each spot prices are reviewed.

Southern California Gas Company
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April 1, 2022 through March 31, 2023
Core Capacity Utilization

	Core Capacity	Nominated Capacity	Unutilized Capacity	Capacity Utilization Percentage	Nominated Capacity	Actual Volume Delivered	Capacity Cut
El Paso Natural Gas Company	180,172,857	151,840,096	28,332,761	84%	151,840,096	150,405,132	1,434,964
Foothills Pipelines Ltd	19,644,264	18,971,392	672,872	97%	18,971,392	17,806,189	1,165,203
Gas Trans Northwest Corp	19,165,420	18,414,192	751,228	96%	18,414,192	17,287,650	1,126,542
Kern River Gas Transmission Company	90,492,746	95,002,708	(4,509,962)	105%	95,002,708	94,767,057	235,651
Nova Gas Trans Ltd	19,804,091	18,107,840	1,696,251	91%	18,107,840	18,107,840	-
Pacific Gas & Electric	18,955,180	18,214,268	740,912	96%	18,214,268	17,131,574	1,082,694
Transwesten Pipeline Company	82,906,820	61,243,815	21,663,005	74%	61,243,815	60,537,655	706,160
Total	431,141,378	381,794,311	49,347,067	89%	381,794,311	376,043,097	5,751,214

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 Southern California Gas Company
 GCIM Year 29
 April 1, 2022 through March 31, 2023
 Tolerance Band Review

	Benchmark Commodity Costs	Actual Commodity Costs	(Over)/Under Benchmark	Reservation Costs	Transportation Costs	Benchmark Dollars	Actual Dollars	Upper Tolerance 2%	Lower Tolerance 1%	Lower Tolerance 5%
Apr-22	\$ 118,659,656	\$ 102,832,727	\$ 15,826,929	\$ 21,188,847	\$ 572,796	\$ 140,421,299	\$ 124,594,370	\$ 121,032,849	\$ 117,473,059	\$ 112,726,673
May-22	\$ 162,225,886	\$ 156,398,146	\$ 5,827,740	\$ 21,303,886	\$ 750,109	\$ 184,279,882	\$ 178,452,142	\$ 165,470,404	\$ 160,603,627	\$ 154,114,592
Jun-22	\$ 245,180,986	\$ 238,932,032	\$ 6,248,953	\$ 19,691,826	\$ 255,808	\$ 265,128,619	\$ 258,879,666	\$ 250,084,605	\$ 242,729,176	\$ 232,921,936
Jul-22	\$ 148,010,728	\$ 143,969,707	\$ 4,041,021	\$ 20,455,303	\$ 271,963	\$ 168,737,994	\$ 164,696,973	\$ 150,970,942	\$ 146,530,621	\$ 140,610,191
Aug-22	\$ 213,370,877	\$ 205,210,011	\$ 8,160,867	\$ 20,575,521	\$ 289,595	\$ 234,235,993	\$ 226,075,127	\$ 217,638,295	\$ 211,237,169	\$ 202,702,333
Sep-22	\$ 225,105,027	\$ 205,005,038	\$ 20,099,989	\$ 19,401,598	\$ 268,915	\$ 244,775,541	\$ 224,675,552	\$ 229,607,128	\$ 222,853,977	\$ 213,849,776
Oct-22	\$ 116,375,884	\$ 115,322,262	\$ 1,053,622	\$ 21,992,421	\$ 248,008	\$ 138,616,313	\$ 137,562,691	\$ 118,703,401	\$ 115,212,125	\$ 110,557,090
Nov-22	\$ 140,731,041	\$ 122,375,581	\$ 18,355,460	\$ 23,885,669	\$ 612,104	\$ 165,228,815	\$ 146,873,354	\$ 143,545,662	\$ 139,323,731	\$ 133,694,489
Dec-22	\$ 397,235,398	\$ 286,623,131	\$ 110,612,268	\$ 25,066,229	\$ 441,365	\$ 422,742,992	\$ 312,130,725	\$ 405,180,106	\$ 393,263,044	\$ 377,373,628
Jan-23	\$ 2,159,280,786	\$ 1,939,062,517	\$ 220,218,269	\$ 32,139,503	\$ 582,203	\$ 2,192,002,492	\$ 1,971,784,223	\$ 2,202,466,402	\$ 2,137,687,978	\$ 2,051,316,747
Feb-23	\$ 464,290,717	\$ 440,516,590	\$ 23,774,127	\$ 28,909,494	\$ 300,815	\$ 493,501,026	\$ 469,726,899	\$ 473,576,531	\$ 459,647,810	\$ 441,076,181
Mar-23	\$ 212,771,373	\$ 229,349,385	\$ (16,578,012)	\$ 32,666,592	\$ 1,697,802	\$ 247,135,767	\$ 263,713,779	\$ 217,026,800	\$ 210,643,659	\$ 202,132,804
Total	\$ 4,603,238,360	\$4,185,597,127	\$ 417,641,233	\$287,276,888	\$6,291,485	\$ 4,896,806,733	\$4,479,165,500	\$4,695,303,127	\$4,557,205,976	\$4,373,076,442

Reference:	A	B	C=A-B	E	F	G=A+E+F	H=B+E+F	I=A*1.02	J=A*0.99	K=A*0.95
		Savings Subject to share	\$ 230,161,918		L=A-K	1.5% Cap of Actual Commodity Cost	\$ 62,783,957		B*0.015	
	Savings Not Subject to Share (Ratepayer 0% - 1%)		\$ 46,032,384		M=A-J					
	Savings subject to Share(75%-25%)		\$ 184,129,534							
	Ratepayers' share 75%		\$ 138,097,151	1						
	Shareholders' Share 25%		\$ 46,032,384	2						
	Savings Subject to Share (90% - 10%)		\$ 187,479,315		N=C-L					
	Ratepayers' share 90%		\$ 168,731,383	3						
	Shareholders' Share 10%		\$ 18,747,931	4						
	Total Ratepayer Saving		\$ 352,860,918	1+3						
	Total Shareholder Share		\$ 64,780,315	2+4						
			\$ 417,641,233							
	Total Ratpayer Saving after Cap		\$ 354,857,276							
	Total Shareholder Share after Cap		\$ 62,783,957							
			\$ 417,641,233							

Southern California Gas Company

GCIM Year 29

April 1, 2022 through March 31, 2023

Cal Advocates Recommended Reward Calculation

Year 29	Calculated Shareholder Reward	Removal of GCIM Year 29 Dec, Jan, and Feb	Cal Advocates Recommended 5-Year Average	Cal Advocates Recommended Shareholder Reward
Apr	\$ 1,542,491			\$ 1,542,491
May	\$ 2,027,404			\$ 2,027,404
Jun	\$ 1,850,800			\$ 1,850,800
Jul	\$ 880,273			\$ 880,273
Aug	\$ 1,506,790			\$ 1,506,790
Sep	\$ 3,775,558			\$ 3,775,558
Oct	\$ 659,142			\$ 659,142
Nov	\$ 2,567,301			\$ 2,567,301
Dec	\$ 8,840,271	\$ (8,840,271)	\$ 3,465,247	\$ 3,465,247
Jan	\$ 29,085,938	\$ (29,085,938)	\$ 2,674,125	\$ -
Feb	\$ 6,607,749	\$ (6,607,749)	\$ 965,273	\$ 965,273
Mar	\$ 3,440,241			\$ 3,440,241
Rounding	\$ (1)			\$ (1)
Total	\$ 62,783,957	\$ (44,533,958)	\$ 7,104,645	\$ 25,354,644

Benchmark Costs	\$	4,896,806,733
Actual Costs	\$	4,479,165,500
GCIM Total Savings	\$	417,641,233

GCIM Saving/Penalty Calculation:

Calculated Ratepayer Savings	\$	354,857,276
Calculated Shareholder Reward	\$	62,783,957

Cal Advocates Recommendation:

Recommended Ratepayer Savings	\$	392,286,589
Recommended Shareholder Reward	\$	25,354,644

APPENDIX B
QUALIFICATIONS OF WITNESSES

1 **QUALIFICATIONS AND PREPARED TESTIMONY**
2 **OF**
3 **SCOTT LOGAN**

4 Q.1 Please state your name and business address.

5 A.1 My name is Scott Logan. My business address is 505 Van Ness Avenue,
6 San Francisco, California, 94102.

7 Q.2 By whom are you employed and in what capacity?

8 A.2 I am employed by the Public Advocates Office at the California Public Utilities
9 Commission (Cal Advocates) as the Program and Project Supervisor, Natural
10 Gas Section, Energy Cost of Service and Natural Gas Branch.

11 Q.3 Briefly describe your educational background and work experience.

12 A.3 I received a Bachelor of Arts Degree in Economics from San Francisco State
13 University in 1985. I was a Public Utilities Regulatory Analyst for Cal Advocates
14 (and its predecessors) from 1987 until 2020 when I assumed my current position.
15 As an Analyst, I worked on a variety of energy and electricity issues, including
16 long-term planning and procurement, electric cost of service, energy efficiency,
17 transmission planning and certification, nuclear power, and renewable resource
18 policy. I testified on these and other issues on behalf of Cal Advocates in
19 numerous Commission proceedings.

20 In my current position, I supervise the Cal Advocates staff working on natural gas
21 issues and ratemaking, including the SoCalGas Gas Cost Incentive Mechanism
22 (GCIM), Application (A.) 23-07-005.

23 Q.4 What portion of the Cal Advocates Monitoring and Evaluation Report are you
24 sponsoring in this proceeding?

25 A.4 I am sponsoring Section 1.1 of Chapter 1

26 Q.5 Does that complete your prepared testimony?

27 A.5 Yes, it does.

28

29

30

1 **QUALIFICATIONS AND PREPARED TESTIMONY**
2 **OF**
3 **MICHAEL TAN**

4 Q.1 Please state your name and business address.

5 A.1 My name is Michael Tan. My business address is 505 Van Ness Avenue,
6 San Francisco, California, 94102.

7 Q.2 By whom are you employed and in what capacity?

8 A.2 I am employed as a Financial Examiner in the Public Advocates Office at the
9 California Public Utilities Commission (Cal Advocates), Energy Cost of Service
10 and Natural Gas Branch.

11 Q.3 Briefly describe your educational background and work experience.

12 A.3 I have a Bachelor of Arts Degree in Economics and Bachelor of Arts Degree in
13 Sociology – specializing in Organizational Study, from University of California,
14 Davis. Prior joining the Commission, I worked at the California State Board of
15 Equalization under Sale and Used Tax Division as a Tax Auditor. My primary
16 duty was to conduct business sales and use tax audits in different fields.

17 Since joining the Commission in 2013, my responsibilities have included review
18 of gas cost incentive mechanism applications, various energy advice letters and
19 other gas procurement matters. I have prepared Monitoring and Evaluation
20 Reports on behalf of Cal Advocates numerous times since 2013.

21 Q.4 What portion of the Cal Advocates Monitoring and Evaluation Report are you
22 sponsoring in this proceeding?

23 A.4 I am sponsoring Sections 1.2 to 1.8 of Chapter 1, and all of Chapter 2.

24 Q.5 Does that complete your prepared testimony?

25 A.5 Yes, it does.

26

27