

2026 CUSTOMER FORUM

MAY 15, 2026



Participation Instructions

What to do after clicking on the link to the meeting

- » **Mobile Devices** - For participants using a mobile device, download the Microsoft Teams app and join as a guest. Participants will then be required to enter their names.
- » **Laptop or Desktop** - For participants using a laptop or desktop, if you have a Microsoft Teams account, click on *Sign in and join*; if you do not have a Microsoft Teams account, click on *Join on the Web* instead, then click allow use of microphone and camera. Participants will then be required to enter their names.

Guidelines for the conduct of meetings

- » Please **turn off your video**. You can turn on the video if you are invited to speak.
- » If you have a question, please either raise your hand and wait to be called or enter the question into the chat feature. We will go over all questions near the end of the Forum.
- » Please speak clearly, slowly, and with adequate volume.

Agenda

- » Introductions
- » Antitrust Disclaimer
- » Operational Flow Orders (OFOs)
- » Southern System Reliability
- » Forum Proposals
- » Post Forum Report and Next Steps
- » Scheduled Quantity Trades
- » 2024 and 2027 Cost Allocation Proceedings
- » SoCalGas ENVOY Updates
- » Operational Updates
- » Regulatory Updates and Other Items

**Recording of this
Customer Forum
is prohibited.**

Antitrust Disclaimer

AMERICAN GAS ASSOCIATION ANTITRUST COMPLIANCE GUIDELINES

Introduction

The American Gas Association and its member companies are committed to full compliance with all laws and regulations, and to maintaining the highest ethical standards in the way we conduct our operations and activities. Our commitment includes strict compliance with federal and state antitrust laws, which are designed to protect this country's free competitive economy.

Responsibility for Antitrust Compliance

Compliance with the antitrust laws is a serious business. Antitrust violations may result in heavy fines for corporations, and in fines and even imprisonment for individuals. While the General Counsel's Office provides guidance on antitrust matters, you bear the ultimate responsibility for assuring that your actions and the actions of any of those under your direction comply with the antitrust laws.

Antitrust Guidelines

In all AGA operations and activities, you must avoid any discussions or conduct that might violate the antitrust laws or even raise an appearance of impropriety. The following guidelines will help you do that:

- **Do** consult counsel about any documents that touch on sensitive antitrust subjects such as pricing, market allocations, refusals to deal with any company, and the like.
- **Do** consult with counsel on any non-routine correspondence that requests an AGA member company to participate in projects or programs, submit data for such activities, or otherwise join other member companies in AGA actions.
- **Do** use an agenda and take accurate minutes at every meeting. Have counsel review the agenda and minutes before they are put into final form and circulated and request counsel to attend meetings where sensitive antitrust subjects may arise.
- **Do** provide these guidelines to all meeting participants.

- **Do not, without prior review by counsel,** have discussions with other member companies about:
 - ♦ your company's prices for products, assets or services, or prices charged by your competitors
 - ♦ costs, discounts, terms of sale, profit margins or anything else that might affect those prices
 - ♦ the resale prices your customers should charge for products or assets you sell them
 - ♦ allocating markets, customers, territories products or assets with your competitors
 - ♦ limiting production
 - ♦ whether or not to deal with any other company
 - ♦ any competitively sensitive information concerning your own company or a competitor's.
- **Do not** stay at a meeting, or any other gathering, if those kinds of discussions are taking place.
- **Do not** discuss any other sensitive antitrust subjects (such as price discrimination, reciprocal dealing, or exclusive dealing agreements) without first consulting counsel.
- **Do not** create any documents or other records that might be misinterpreted to suggest that AGA condones or is involved in anticompetitive behavior.

We're Here to Help

Whenever you have any question about whether particular AGA activities might raise antitrust concerns, contact the General Counsel's Office, Ph: (202) 824-7072; E-mail: GCO@aga.org, or your legal counsel.

American Gas Association
Office of General Counsel
Issued: December 1997
Revised: December 2008

Operational Flow Orders (OFOs)

Scheduled Quantities Used for OFO Calculations

- » For Evening Cycle (Cycle 2), the scheduled quantities of Timely Cycle (Cycle 1) are used for the OFO Calculation.
- » For Intraday 1 (Cycle 3), the scheduled quantities of Evening Cycle (Cycle 2) are used for the OFO Calculation.

Confirmations on High OFO Days vs. non-High OFO Days

- » On High OFO days, SoCalGas will confirm nominations up to the Total Net System Capacity during Intraday 1 (Cycle 3), Intraday 2 (Cycle 4), and Intraday 3 (Cycle 5).
- » On non-High OFO days, SoCalGas will confirm nominations up to the Total Net System Capacity during Intraday 3 (Cycle 5).

OFO Noncompliance Structure for Report Period

OFO Noncompliance Structure Effective Year-Round		
Stage	Daily Imbalance Tolerance	Noncompliance Charge (\$/Dth)
1	Up to +/- 25%	0.25
2	Up to +/- 20%	1.00
3	Up to +/- 15%	5.00
3.1	Up to +/- 15%	10.00
3.2	Up to +/- 15%	15.00
3.3	Up to +/- 15%	20.00
4	Up to +/- 10%	25.00
5	Up to +/- 5%	25.00 plus G-IMB daily balancing standby rate
EFO	Zero	50.00 plus G-IMB daily balancing standby rate

High OFO Review

High Operational Flow Order (High OFO)

- » A High OFO is declared if, on a day prior to the Gas Day, in the sole judgment of Gas Control, the system forecast of storage injection used for balancing exceeds the injection capacity allocated to the balancing function.

High OFO Comparison By Cycle and By Stage

Previous Report Period (Apr 2024 - Mar 2025)		Current Report Period (Apr 2025 - Mar 2026) ¹	
Cycle 2	98	Cycle 2	172
Cycle 3	5	Cycle 3	13
Stage 1	2	Stage 1	0
Stage 2	3	Stage 2	0
Stage 3	16	Stage 3	15
Stage 3.1	78	Stage 3.1	146
Stage 3.2	4	Stage 3.2	20
Stage 3.3	0	Stage 3.3	4
Stage 4	0	Stage 4	0
Stage 5	0	Stage 5	0
Total	103	Total	185

¹ For the Current Report Period (April 2025 through March 2026), High OFOs were declared with daily imbalance tolerances ranging from 2% to 15%.

Low OFO Review

Low Operational Flow Order (Low OFO)

- » A Low OFO is declared if, on a day prior to the Gas Day, in the sole judgment of Gas Control, the system forecast of storage withdrawal used for balancing exceeds the withdrawal capacity allocated to the balancing function.

Low OFO Comparison By Cycle and By Stage

Previous Report Period (Apr 2024 - Mar 2025)		Current Report Period (Apr 2025 - Mar 2026) ¹	
Cycle 2	29	Cycle 2	16
Cycle 3	3	Cycle 3	0
Stage 1	19	Stage 1	13
Stage 2	8	Stage 2	2
Stage 3	3	Stage 3	0
Stage 3.1	2	Stage 3.1	0
Stage 3.2	0	Stage 3.2	0
Stage 3.3	0	Stage 3.3	1
Stage 4	0	Stage 4	0
Stage 5	0	Stage 5	0
Total	32	Total	16

¹ For the Current Report Period (April 2025 through March 2026), Low OFOs were declared with daily imbalance tolerances ranging from -10% to -18%.

Southern System Reliability

Southern System Reliability (SSR) Tools

- » SoCalGas and SDG&E maintain Southern System reliability utilizing five tools:
 1. Spot purchases and sales
 2. Seasonal baseload purchases and sales
 3. Discounted BTS contracts
 4. Memorandum in Lieu of Contract (MILC) between System Operator and Gas Acquisition
 5. Request for Proposals (RFPs) to seek additional tools
- » Southern Zone BTS nominations are not cut in any cycle below 110% of the Southern System Minimum Flow Requirement.

SSR Purchases and Interruptible BTS Discounts

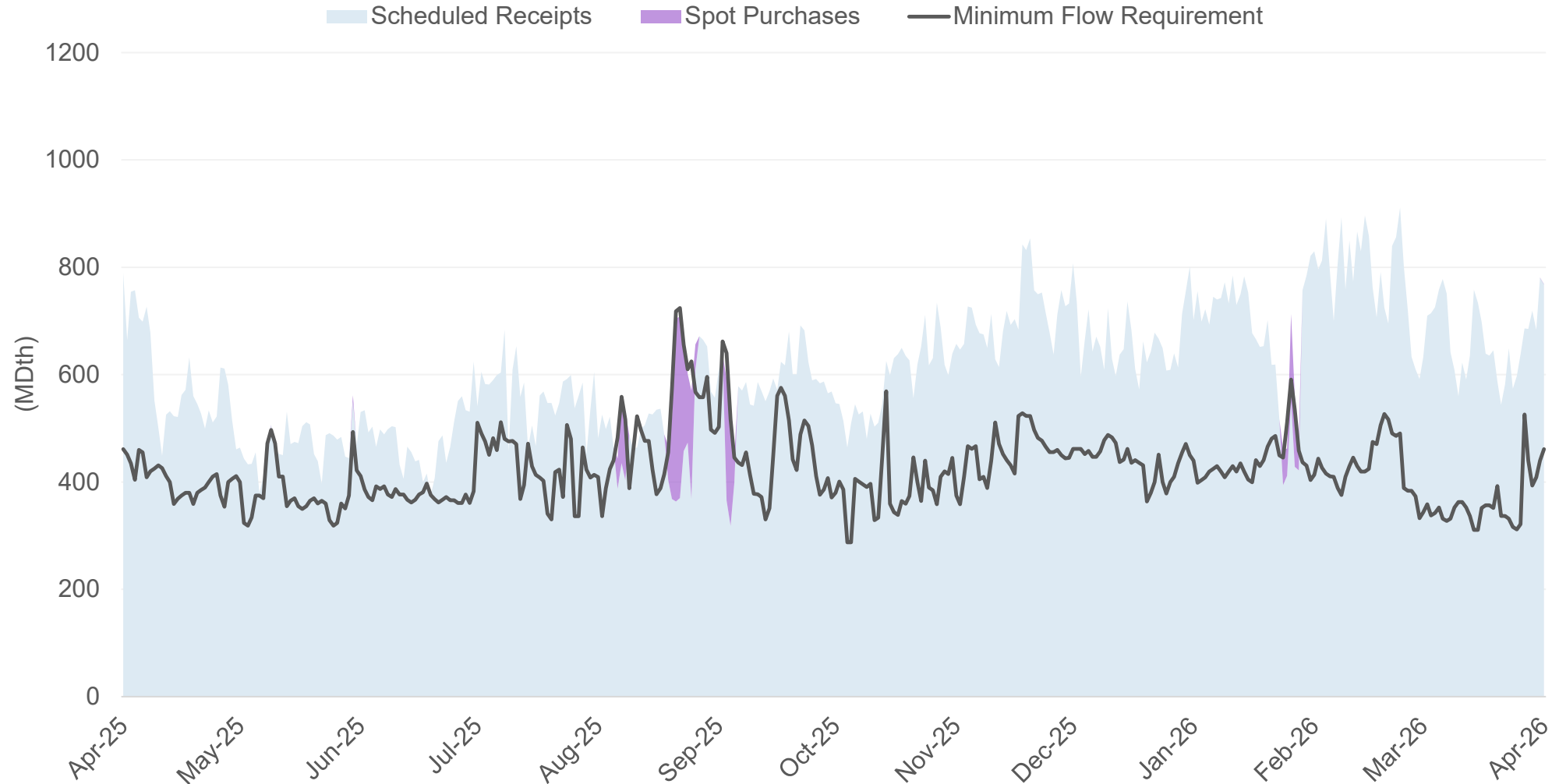
- » SoCalGas used spot transactions and the MILC to manage System Reliability during this Report Period.
- » SoCalGas purchased and sold approximately 2.56 MMDth to support System Reliability for this Report Period for a total cost of \$3.9 million.

SSR Purchases and Interruptible BTS Discounts

	2018-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Purchases (MDth)	0	555	4,124	509	1,636	2,560
Net Cost (\$/Dth)	0	15.53	7.52	8.27	1.67	1.53
SRMA Cost (\$MM)	0	8.6	31	4.2	2.7	3.9
BTS Discounts (\$MM)	0	0	0	0	0	0
Total (\$MM)	0	8.6	31	4.2	2.7	3.9

Southern System Receipts

(Volumes in MDth)



Forum Proposals?

Post-Forum Report and Next Steps

Post-Forum Report and Next Steps

- » The Post-Forum Report will summarize the matters discussed here; identify action items, tariff changes, and procedural modifications that are agreed to be necessary; include descriptions of proposals presented by forum participants.
- » Any proposals made that are rejected by SoCalGas will be included in the Post-Forum Report.
- » A draft Post-Forum Report will be issued on Envoy to the forum participants for review by May 29, 2026, with a revised draft to be issued on Envoy by June 18, 2026.
- » The Post-Forum Report will be filed by July 14, 2026.

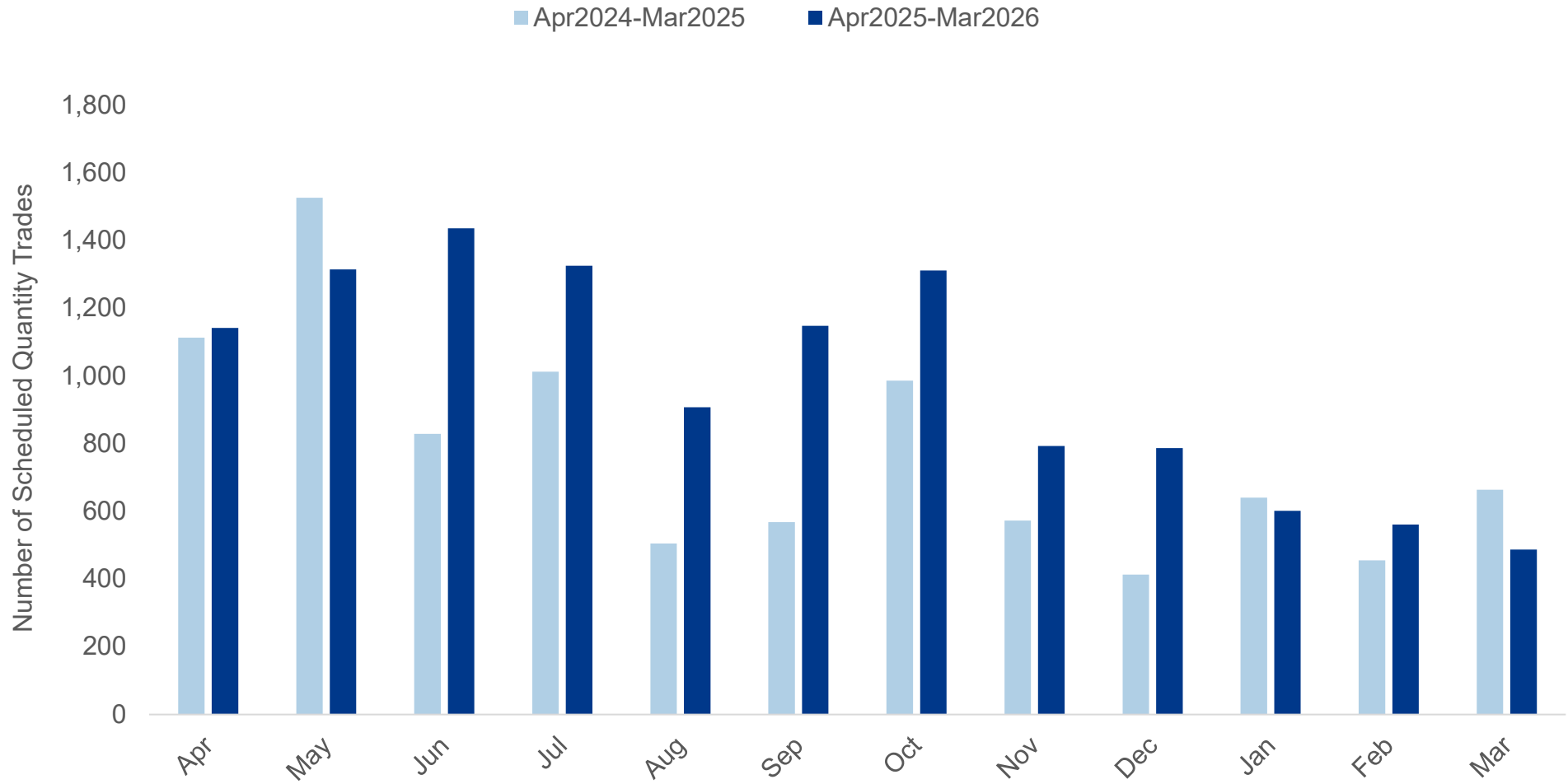
Scheduled Quantity Trades

Scheduled Quantity Trades

- » Scheduled Quantity Trades provide customers and marketers with an opportunity to trade scheduled quantities to balance supply with estimated usage for each Gas Day.
- » A scheduled quantity trade is not an imbalance trade. Imbalances are calculated at the end of the month by comparing billing quality meter usage to final scheduled quantities for each day.
- » Daily Delivery Trades provide California Producers with an opportunity to trade daily deliveries to balance scheduled deliveries with estimated actual deliveries for each Gas Day.

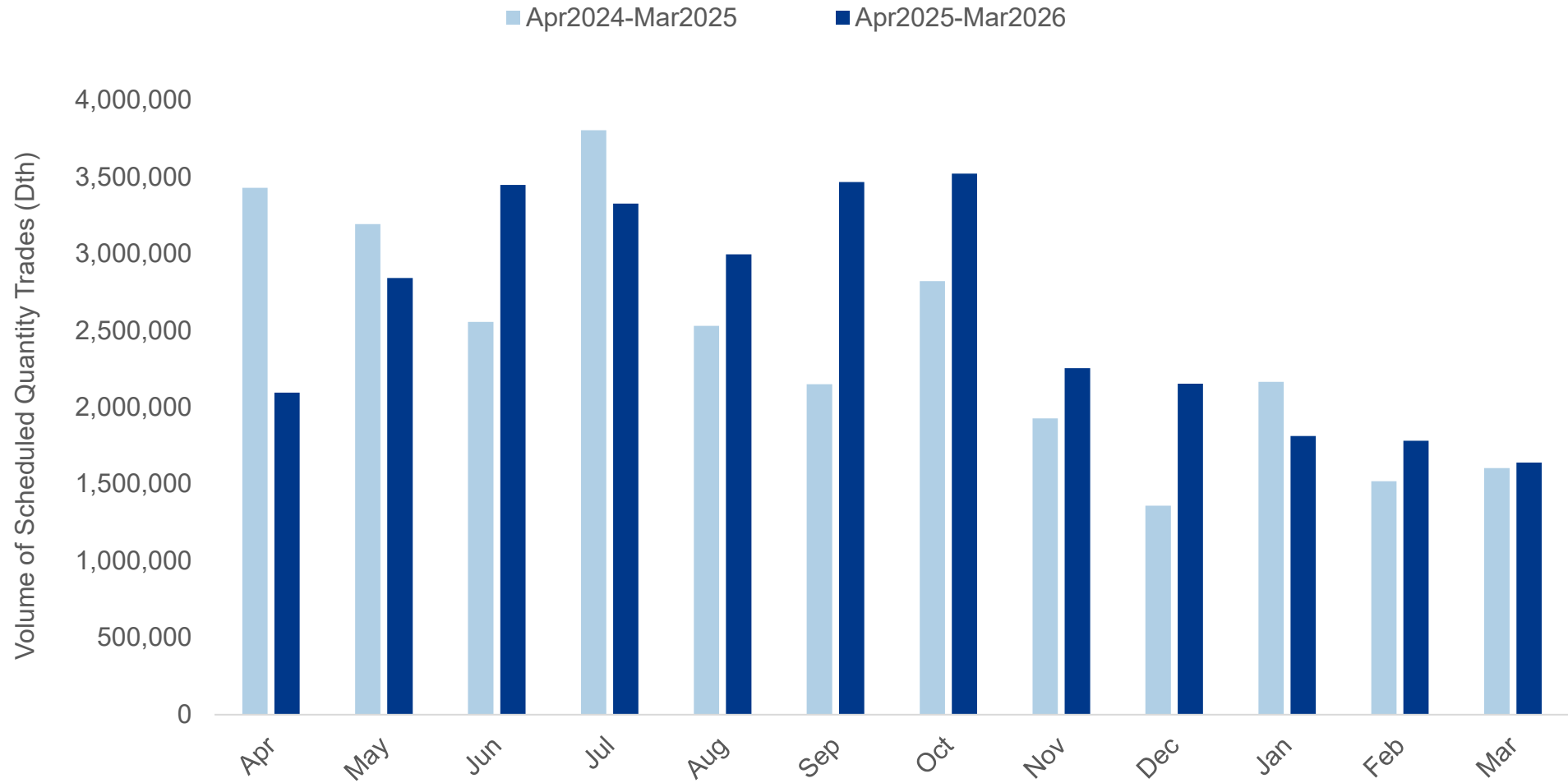
Scheduled Quantity Trades

(Number of Scheduled Quantity Trades)



Scheduled Quantity Trades

(Volume of Scheduled Quantity Trades)



2024 and 2027 Cost Allocation Proceedings

2024 Cost Allocation Proceeding Decision

- » On July 11, 2024, the CPUC adopted an all-party settlement in the 2024 SoCalGas and SDG&E Cost Allocation Proceeding (CAP) which modified storage capacity allocations and Backbone Transportation Service (BTS).

- » Still pending modifications to BTS include:
 - Creation of a firm volumetric rate option (G-BTS5) effective October 1, 2026.
 - Conversion of the G-BTS2 rate and existing BTS2 contracts back to an MFV Rate when the G-BTS5 rate option becomes available on October 1, 2026.
 - Extension of the next open season term by one month to put the BTS term in line with gas industry seasonal practice.

- » On April 14, 2026, SoCalGas filed Advice No. 6626-G to implement the above modifications to Rate Schedule G-BTS.

2027 CAP (A.25-09-014) Active Proceeding

- » On September 30, 2025, SoCalGas/SDG&E filed the 2027 CAP application (A.25-09-014) for rates effective January 1, 2027, to update the distribution of their costs of providing gas service to customer classes and determine the transportation rates charged to customers. The costs being distributed in this CAP include gas transmission, gas distribution, underground storage, and customer-related costs.

- » Proposals include:
 - Apply Noncore Storage Unbundled Storage Balancing Account (NSBA) overcollections to the Firm Access Storage Rights Memorandum Account (FASRMA) until the current under collection is fully offset;
 - Modify Backbone Transportation Service (BTS) to limit the maximum amount of firm BTS available for sale to 110% of the minimum backbone system design standard based on the average day quantity in a 1-in-10 cold and dry year;
 - Modify SoCalGas Rule 30 Operational Requirements to confirm BTS nominations up to the Total Net System Capacity for the Evening, Intraday 1, Intraday 2, and Intraday 3 cycles regardless of a Gas Day's OFO status.

- » Per Scoping Ruling Commission decision is scheduled to be issued Q4 2026.

SoCalGas ENVOY Updates

Envoy Updates Scheduled for October 2026

- » The next Envoy update will implement the 2024 Cost Allocation Proceeding (CAP) in accordance with Decision 24-07-009.
 - The G-BTS5 Rate Schedule (with only 100% volumetric rate) will be available from the next Open Season term beginning 10/01/2026 and the G-BTS2 Rate Schedule will revert to both reservation and volumetric charges.
 - Envoy will allow the secondary trade of G-BTS2 contracts with negotiable reservation charges, with a bid rate option of *Equal to Tariff, Dollars/Dth/Day, or % of Tariff*, after the next Open Season start date 10/01/2026.
 - On 09/16/2026, Envoy will allow buy/exchange rights for contracts beginning 10/01/2026.
 - Envoy Screens that will display the G-BTS5 Rate Schedule include Post Offer to Sell Firm Rights, Open/Pre-Arranged Offers, My Bids Detail Summary, Buy Rights, Exchange Receipt Point Services, My Contract Rights, Awarded Contract, Aggregated Contract, Index of Shippers.

Operational Updates

Southern System Reliability

- » The Commission determined in the Long-Term Gas System Planning Proceeding (R.20-01-007) that SoCalGas has reasonable tools available to address Southern System reliability issues.
 - On July 14, 2022, the CPUC indicated in D.22-07-002 that its Staff may revisit the adequacy of the tools authorized to meet the Southern System minimum flow requirement when operation of the Energía Costa Azul (ECA) LNG Project proceeds and more information becomes available on its impact to Southern System reliability.

- » The ECA LNG Project is expected to be in-service by Summer 2026.
 - On April 28, Natural Gas Intelligence (NGI) reported the first volumes of feed gas have entered the ECA LNG Project.

- » Less supply is expected to be available from the El Paso Natural Gas (EPNG) system at Ehrenberg once the ECA LNG Project goes into full operation.
 - Phase I, when completed, is expected to source approximately 0.5 Bcfd from EPNG's South Mainline System.

Southern System Reliability

- » SoCalGas has considered the use of Base Load transactions to address the possible increased need for System Reliability purchases on a more regular basis during either the peak winter or summer months.
 - The lack of available Firm BTS capacity for transportation of Base Load receipts to the City Gate makes these transactions outside the current Safe Harbor Guidelines specified in Rule 41.
 - SoCalGas did request authority to modify the Safe Harbor Guidelines in the 2026 Annual Compliance Report filing (Advice No. 6558-G-A); that request is still pending.

- » In the meantime, SoCalGas will continue to rely on the MILC and spot purchases to cover the Southern System Minimum when required.

Regulatory Updates and Other Items

Aliso Canyon Biennial Assessment Report

- » On December 19, 2024, the CPUC authorized the continued operation of Aliso Canyon at a maximum inventory level of 68.6 Bcf and established a reliability threshold for considering the future of Aliso Canyon and a biennial process for considering reductions to the field's maximum inventory level, beginning in 2025.
- » On October 1, 2025, Energy Division issued the first Biennial Assessment under D.24-12-076. The Biennial Assessment found that for the upcoming winter of 2025-2026, system demand could be met while maintaining reliability with continued reliance on Aliso Canyon, and that withdrawals of at least approximately 550 MMcfd from Aliso Canyon are required on a 1- in-10 winter peak day to continuously serve demand. While the Biennial Assessment found that, for winter 2025-2026, the analyses support a recommendation to reduce the Aliso Canyon maximum inventory by 10 Bcf to a level of 58.6 Bcf. The Biennial Assessment also provides that, given current forecasts for higher gas commodity prices in winter 2026-2027, a smaller incremental or no reduction may be appropriate.
- » Consistent with D.24-12-076, SoCalGas filed an application on January 15, 2026 requesting CPUC review of the Energy Division's Aliso Canyon Biennial Assessment since it recommended a change to the maximum inventory level at Aliso Canyon. SoCalGas's application requests the CPUC review the Biennial Assessment, as well as the recommendations presented in this Application and accompanying testimony, and decline to adopt the Biennial Assessment's recommended inventory reduction, and authorize an increase to Aliso Canyon's maximum inventory level if necessary to maintain reliability and just and reasonable energy rates.

Questions?

Appendices

RECEIPT POINT & TRANSMISSION ZONE FIRM CAPACITIES

