

Application No: A.12-04-024
Exhibit No.: _____
Witness: Krystal L. Joscelyne

Application of Southern California Gas Company)
(U904G) to Establish a Biogas)
Conditioning/Upgrading Services Tariff)
_____)

Application 12-04-024
(Filed April 25, 2012)

PREPARED SUPPLEMENTAL TESTIMONY OF
KRYSTAL L. JOSCELYNE
SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

January 18, 2013

1 **Tracking Account:** Per the CST decision, SoCalGas will establish a new tracking
2 account—the Compression Services Tracking Account (“CSTA”). SoCalGas will use the CSTA
3 solely to monitor the pricing effectiveness in recovering the cost of service of providing
4 compression services. A tracking account has not been requested in the BCS Tariff application.

5 **Balancing Account:** Per the CST decision, a new Compression Services Balancing
6 account (“CSBA”) will be created in order to credit ratepayers for the use of embedded costs in
7 providing CST services. In the BCS Tariff application SoCalGas plans to utilize its Core Fixed
8 Cost Account (“CFCA”) and Noncore Fixed Cost Account (“NFCA”) to credit ratepayers for the
9 use of embedded costs in providing BCS Tariff services.

10 **General Rate Case (“GRC”):** Per the CST decision, SoCalGas must bear all risks
11 associated with the provision of the CST; incremental cost and revenues associated with
12 providing the CST service will be excluded from base rates determined in SoCalGas’ GRC
13 proceeding. In the BCS Tariff application, however, SoCalGas has proposed using the
14 traditional ratemaking process that incremental costs will be included in SoCalGas’ base margin
15 and miscellaneous revenue forecast associated with the BCS Tariff will be incorporated as a
16 reduction of base rates. These costs and revenues will be presented in the next GRC proceeding
17 for Commission approval. As such, in the BCS Tariff application SoCalGas will be at risk for
18 these revenues until the next GRC and continue to be at risk if the actual miscellaneous revenues
19 associated with the BCS Tariff are below the approved forecast.

20 **Cost Recovery:** Per the CST decision, “SoCalGas must bear all risk associated with this
21 service.” In the BCS Tariff application SoCalGas has proposed using the traditional ratemaking
22 process so SoCalGas will receive the benefit or loss until the next GRC. In the next GRC the

1 remaining undepreciated capital will be rolled into ratebase along with the miscellaneous
2 revenues forecasts associated with BCS Tariff for Commission approval.

3 **Default:** Per the CST decision, “SoCalGas must bear all risk associated with this
4 service.” In the BCS Tariff application SoCalGas has proposed to first exhaust all commercial
5 and legal remedies to collect the remaining balance due and the required costs to remove and
6 redeploy the asset from the customer premises; however, if the asset cannot be redeployed, it will
7 be retired. SoCalGas shareholders will bear the economic loss until the next GRC. In the next
8 GRC the remaining undepreciated capital will be rolled into ratebase along with the
9 miscellaneous revenues forecasts associated with BCS Tariff for Commission approval.

10 The tables provided in Appendix 1 summarize the main differences described above in
11 ratemaking, regulatory treatment and financial risk between the CST decision and BCS Tariff
12 application. The second table, in Appendix 1, further delineates whether the ratepayer or
13 shareholder bear responsibility.

14 **BCS Tariff application and the Sustainable SoCal program**

15 The Sustainable SoCal program is described in Witness Lucas’ supplemental testimony.
16 For the purposes of ratemaking, both of these programs are similar in that both utilize traditional
17 ratemaking by placing the asset in ratebase and earning the Commission authorized return on
18 ratebase. The difference between these two programs is captured in the recovery of the cost of
19 the facilities. As Sustainable SoCal is proposed in the GRC, recovery for the costs of these
20 facilities is in base rates. However, the BCS Tariff application describes a process to recover the
21 fully allocated cost of service through a tariff service fee, which is charged to a specific tariff
22 customer.

Appendix 1

Ratemaking	CST (decision)	BCS Tariff (application)
Embedded Resources	All embedded resources are tracked on a fully loaded basis and ratepayers are credited for any costs embedded in general rates.	All embedded resources are tracked on a fully loaded basis and ratepayers are credited for any costs embedded in general rates.
Tracking Account	Establishment of the Compression Services Tracking Account (“CSTA”), solely to monitor pricing effectiveness in recovering the cost of service in providing compression services.	-
Balancing Account	SoCalGas plans to create a new Compression Services Balancing Account ("CSBA") to credit ratepayers for the use of embedded costs in providing CST services.	SoCalGas plans to utilize its Core Fixed Cost Account (“CFCA”) and Noncore Fixed Cost Account (“NFCA”) to credit ratepayers for the use of embedded costs in providing BCS services.
General Rate Case	Incremental costs and revenues associated with providing this service will be excluded from base rates determined in SoCalGas' GRC proceeding.	Costs will be included in SoCalGas' base margin and miscellaneous revenues forecast associated with the BCS Tariff will be incorporated as a reduction of base rates. These will be presented in the next GRC proceeding for Commission approval.

Risk	CST (decision)		BCS Tariff (application)	
	Shareholder	Ratepayer	Shareholder	Ratepayer
Cost Recovery	Decision has adopted the restriction that SoCalGas must bear all risk associated with this service - even those risks of bankruptcy and liability	-	Shareholders will receive the benefit or loss until the next GRC.	In the next GRC the remaining undepreciated capital will be rolled into ratebase along with the miscellaneous revenues forecasts associated with BCS Tariff for Commission approval.
Default	Decision has adopted the restriction that SoCalGas must bear all risk associated with this service—even those risks of bankruptcy and liability	-	Shareholders bear the economic loss until the next GRC.	SoCalGas will first exhaust all commercial and legal remedies to collect the remaining balance due and the required costs to remove and redeploy the asset from the customer premises. If the asset cannot be redeployed it will be retired. In the next GRC the remaining undepreciated capital will be rolled into ratebase along with the miscellaneous revenues forecasts associated with BCS Tariff for Commission approval.