Company: Southern California Gas Company (U 904 G)
Proceeding: 2019 General Rate Case
Application: A.17-10-008
Exhibit: SCG-35-2R

SECOND REVISED

SOCALGAS

DIRECT TESTIMONY OF PATRICK D. MOERSEN

(RATE BASE)

April 6, 2018

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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SUMMARY

- My testimony presents Southern California Gas Company's (SoCalGas or SCG) weighted average rate base for recorded year 2016, estimated years 2017 and 2018, and Test Year (TY) 2019.

- In addition, my testimony describes the development of SoCalGas' rate base and its components including the various methodologies used to derive the TY 2019 rate base of $6.997 billion.

- Pursuant to the Assigned Commissioner's Scoping Memorandum and Ruling issued on January 29, 2018 (Scoping Memo), this exhibit has been revised to reflect the impact of the Tax Cuts and Jobs Act (TCJA) on the SoCalGas TY 2019 GRC. The TCJA was signed into law on December 22, 2017 and is discussed in the testimony of the Taxes witness Ragan Reeves (Exhibit SCG-37-2R), served concurrently with this exhibit. A roadmap of this TCJA-related submission and impacts on other witnesses' areas is provided in the Case Management Exhibit SCG-49/SDG&E-49.

SECOND REVISED SOCALGAS DIRECT TESTIMONY OF PATRICK D. MOERSEN (RATE BASE)

I. PURPOSE

My testimony supports SCG's 2019 general rate case (GRC) and presents SCG's weighted average rate base for recorded year 2016, estimated years 2017 and 2018, and Test Year (TY) 2019. In addition, my testimony describes the development of rate base and its components including the various methodologies used to derive the TY 2019 rate base of $6.997 billion.

II. SUMMARY OF REQUEST

Table SCG-PDM-1 below presents SCG's total weighted average rate base request for TY 2019.

Table SCG-PDM-01
SOUTHERN CALIFORNIA GAS COMPANY
Weighted Average Depreciated Rate Base
(Thousands of Dollars)

Line No.	Account Description	Recorded Year 2016	Estimated Year 2017	Estimated Year 2018	Test Year 2019
	Fixed Capital				
1	Plant In Service	12,560,245	13,392,793	14,596,651	15,921,686
2	Work-In-Progress (non-interest bearing)	507	576	598	666
3	Total Fixed Capital	12,560,752	13,393,369	14,597,250	15,922,351
	Working Capital				
4	Materials & Supplies	21,490	22,981	23,769	24,506
5	Working Cash	(341)	(353)	(365)	169,122
6	Total Working Capital	21,149	22,628	23,403	193,628
	Other				
7	Customer Advances For Construction	(97,909)	(95,539)	(96,209)	(96,879)
8	Deferred Revenue - ITCC	(38,640)	(38,029)	(36,430)	(33,616)
9	Repair Deductions Rate Base Adjustment (2016 - 2038)	(14,300)	(13,650)	(13,000)	(12,350)
10	Total Other	(150,848)	(147,218)	(145,638)	(142,845)
	Deductions For Reserves				
11	Accumulated Deferred Taxes - 2017 Tax Cuts & Jobs Act Adj			523,878	509,818
12	Accumulated Depreciation Reserve	6,788,175	7,089,003	7,450,199	7,861,368
13	Accumulated Deferred Taxes - Plant	1,186,177	1,248,690	793,468	749,743
14	Accumulated Deferred Taxes - CIAC	(124,794)	(135,669)	(140,819)	(144,399)
15	Total Deductions For Reserves	7,849,558	8,202,024	8,626,727	8,976,530
16	Weighted Average Depreciated Rate Base	4,581,494	5,066,756	5,848,288	6,996,605

III. METHODOLOGY

Rate base is defined as the net investment of property, plant, equipment, and other assets that SCG has acquired or constructed to provide utility services to its customers. The weighted average rate base is calculated using a 13-month average (the sum of the monthly balances from December of the prior year through December of the current year, less one-half of each December balance, divided by 12). The weighted average balance method has been an accepted industry practice for all California utilities and is a California Public Utilities Commission (Commission or CPUC) approved methodology as adopted in prior rate-setting proceedings.

The four major components of rate base include Fixed Capital, Working Capital, Other Deductions, and Deductions for Reserves. This section provides a detailed description of the methodology used to forecast plant-in-service, which is included in Fixed Capital and is the largest component of weighted average rate base. As with other rate base components, plant-in-service is computed based on original cost and is shown on a weighted average basis. To determine the plant balances for the estimated years 2017 and 2018, and TY 2019, capital expenditure information was provided through the annual planning process as described below.

A. Capital Planning Process

This section describes the capital planning process for GRC-funded capital (base GRC capital). The capital planning process is SCG's current process for prioritizing funding based on risk-informed priorities and input from operations. Base GRC capital is divided into two subparts, balanced capital related to the Transmission Integrity Management Program (TIMP), Distribution Integrity Management Program (DIMP), Storage Integrity Management Program (SIMP), and non-balanced capital. For detail regarding how TIMP, DIMP, and SIMP capital is budgeted, please refer to the testimonies of Maria Martinez (Exhibit SCG-14) for TIMP and DIMP, and Neil Navin (Exhibit SCG-10) for SIMP. The remainder of this section describes how operational budgets for non-balanced base GRC capital are developed.

Generally, early during the third quarter of the year, SCG begins the capital planning process leading to organizational budgets. For non-balanced base capital, the SCG Executive Finance Committee (EFC) establishes a total annual capital expenditure target consistent with our authorized GRC funding for that period. From this total allocation, funding is prioritized based on risk-informed priorities and continuous input from operations.

- **Step 1** - Initial capital allocations begin with input from Functional Capital Committees (FCCs), which are organized by the nature and type of capital investment or function: Gas Operations, Customer Services, Information Technology, and Facilities/Environmental/Other. These teams of managers and subject matter experts perform a high-level assessment of the capital requirements for serving customers to ensure that infrastructure is maintained and developed to provide safe, reliable service with the highest risk mitigation at the lowest attainable cost. Each FCC elicits broad input for developing each function's capital plan and formulates a prioritized grouping of annual spending requirements.
- **Step 2** - The capital requirements identified by the FCCs are provided to the Capital Planning Committee (CPC), a cross-functional team of directors representing each operational area with capital requests. The CPC reviews the FCC submissions, cross-prioritizes projects among the FCCs, and establishes a final ranking for proposed capital work. Projects determined to have the highest ratings on key priority metrics will receive the highest priority for funding. These key priority metrics include: safety, cost effectiveness, reliability, security, environmental, and customer experience.
- **Step 3** - The CPC presents its recommendations for capital spending consistent within each functional area and consistent with the overall funding target to the EFC, which reviews the recommendations and either approves the proposed capital funding allocations or requests changes.

Once the capital allocations are approved, the individual operating organization is chartered to manage its respective capital needs within the allotted capital. The real-time prioritization of work within the context of the budget allocations is completed by the front-line and project managers on an ongoing and continuous basis. Regulatory compliance deadlines, customer scheduling requirements, and overall infrastructure condition are all factors taken into consideration as work elements are prioritized. Progress on existing capital projects is monitored and reviewed on a monthly basis by the CPC and EFC, and any new projects stemming from incremental Commission directives or changing business needs are evaluated and assessed throughout the year to determine whether current capital allocation should be reprioritized. Before starting a project or making any commitments, the project manager must secure specific

project approval signatures in accordance with SCG's Internal Order process,[1] and the Sempra Energy Utilities' approval and commitment policy.

Similar to SCG's risk evaluation processes,[2] the capital planning process continues to evolve as SCG endeavors to achieve its and the Commission's shared goal of determining the risk reduction per dollar invested. SCG, together with San Diego Gas & Electric Company (SDG&E), demonstrate the first steps towards this evolution by showcasing a pilot they are currently conducting to calculate a risk spend efficiency for their proposed risk mitigations.[3] The current status of the risk reduction per dollar invested metric is discussed in the testimony of Diana Day (Exhibit SCG-02/SDG&E-02, Chapter 1).

B. Plant-In-Service

Based on the projected plant expenditures provided by organizational budget planners, gas plant balances are developed using estimated in-service dates for non-routine projects, historical experience from 2012 to 2016 for plant additions on routine projects, and projected plant retirements based on historical experience from 2012 to 2016 as the plant-in-service component of rate base. Capital witnesses provide a forecast of in-service dates for non-routine projects based on their knowledge and experience. The application of historical experience to forecast plant additions for routine projects is reasonable due to the nature of the projects and is consistent with past Commission rate-setting applications.

As shown in the Fixed Capital section of Table SCG-PDM-1 above, SCG's TY 2019 plant-in-service is projected to increase, reflecting higher capital expenditures in 2019 as compared to previous years. The major drivers for the increase in capital expenditure levels are described in detail in the testimonies of SCG's respective capital witnesses: Gas Distribution – Gina Orozco-Mejia (Exhibit SCG-04); Gas Transmission– Michael Bermel and Beth Musich (Exhibit SCG-07); Gas Engineering – Deanna Haines (Exhibit SCG-09); Underground Storage – Neil Navin (Exhibit SCG-10); Aliso Canyon Turbine Replacement – David Buczkowski (Exhibit SCG-11; Pipeline Integrity for Transmission and Distribution – Maria Martinez (Exhibit SCG-

[1] A Work Order Authorization form is used to document the approval authority of capital project expenditures. The appropriate level of approval authority required is based on pre-determined dollar thresholds, which vary with the level of capital expenditures.
[2] SCG's risk evaluation processes are described in Investigation (I.) 16-10-015/I.16-10-016 Risk Assessment and Mitigation Phase Report of San Diego Gas & Electric Company and Southern California Gas Company, November 30, 2016 (RAMP Report).
[3] *See* RAMP Report at RAMP-A: Overview and Approach.

14); Pipeline Safety Enhancement Plan – Rick Phillips (Exhibit SCG-15); Fleet Service and Facility Operations – Carmen Herrera (Exhibit SCG-23); and Information Technology – Chris Olmstead (Exhibit SCG-26).

IV. RATE BASE SUMMARY

A. Fixed Capital

Table SCG-PDM-02
Fixed Capital
(Thousands of Dollars)

Line No.	Account Description	Recorded Year 2016	Estimated Year 2017	Estimated Year 2018	Test Year 2019
	Fixed Capital				
1	Plant In Service	12,560,245	13,392,793	14,596,651	15,921,686
2	Work-In-Progress (non-interest bearing)	507	576	598	666
3	Total Fixed Capital	12,560,752	13,393,369	14,597,250	15,922,351

1. Plant-In-Service

Plant-in-service represents gross fixed assets used in utility operations with an expected economic and physical life greater than one year from the date placed in service. As shown in Table SCG-PDM-2 above, weighted average plant-in-service is projected to increase by approximately $3,361 million, or 27%, when comparing recorded year 2016 to TY 2019. The cumulative forecasted direct capital expenditures are $3,496 million for years 2017 to 2019 (as sponsored in the testimonies of specific witnesses regarding the capital requirements related to their organization). The cumulative fully loaded and escalated direct capital expenditures are $4,359 million for years 2017 to 2019.

For routine projects, annual plant additions were forecasted based on capital expenditures provided by organizational budget planners using historical plant addition ratios from 2012 to 2016. For individual non-routine projects, plant additions were determined by the organizational budget planners based on projected in-service dates. Capital expenditures are escalated and fully loaded with overheads by project by capital witness in the Results of Operations (RO) model. The escalation factors applied are sponsored in the Cost Escalation testimony of Scott Wilder (Exhibit SCG-40). The capital overhead pools for engineering and department overheads are sponsored in the Gas Engineering and Gas Distribution testimonies of Deanna Haines (Exhibit SCG-09) and Gina Orozco-Mejia (Exhibit SCG-04), respectively. For all remaining overheads

assigned to capital such as pension and benefits, workers compensation, administrative and general, etc., the costs are sponsored by various witnesses and forecasted in cost centers as directed in SCG's 2008 GRC Decision.[4] The cost center expenses have been mapped to the Federal Regulatory Energy Commission (FERC) accounts as explained in the Summary of Earnings testimony of Khai Nguyen (Exhibit SCG-43), while the factors that are used to produce operations and maintenance (O&M) to capital reassignment rates are sponsored in the Shared Services & Shared Assets Billing, Segmentation, & Capital Reassignments testimony of James Vanderhye (Exhibit SCG-34/SDG&E-32).

Retirements for 2017 through 2019 for all plant accounts were forecasted based on retirement history from 2012 through 2016. The use of five years of historical data is consistent with and in line with currently adopted methodology used by capital and O&M witnesses in their forecasts as well as with prior SCG rate case proceedings before this Commission.

An offsetting component to capital expenditures prior to being recorded to plant-in-service is contributions in aid of construction (CIAC). CIAC are non-refundable contributions collected from utility customers in the form of money—or its equivalent—toward the construction of plant, such as customer-requested relocations. CIAC amounts collected or received are a direct reduction of fully-loaded (*i.e.*, including overhead costs) capital expenditures (if any) prior to being added to rate base.

2. Allowance for Funds Used During Construction

A component of plant-in-service is allowance for funds used during construction (AFUDC). Accruing for AFUDC is a generally accepted regulatory accounting procedure to capitalize the cost of debt and equity funds used to finance capital additions. Consistent with prior SCG rate case proceedings before this Commission, including D.16-06-054, SCG typically uses its authorized Rate of Return (ROR)[5] as a reasonable proxy for estimating AFUDC applied to construction work in progress (CWIP) in the RO model. Historically, SCG uses its authorized ROR for forecasting purposes, which reasonably approximates its actual AFUDC rates. Other than the authorized ROR, there is no separate forecast of debt and equity in developing AFUDC rates for the GRC period. On an actual basis, SCG applies an AFUDC rate that is computed in

[4] Decision (D.) 08-07-046 at 106, Ordering Paragraph 22.
[5] SCG's current authorized ROR is 7.34% per Advice Letter 5192-G effective January 1, 2018.

conformance with the formula prescribed by FERC's Uniform System of Accounts (USofA).[6] SCG's recorded AFUDC rate is derived by taking its capital structure at the time of the calculations and weighting its actual capital structure by the authorized return on equity, actual costs of debt, and authorized preferred stock costs as adopted in D.12-12-034.

SCG's authorized capital structure is comprised of common equity, long-term debt, and preferred stock. There is no "authorized" short-term debt component in the authorized capital structure because SCG finances its investments with long-term financing. This is consistent with prudent financial management where long-lived assets such as plant and equipment are financed with long-term borrowing and equity. Short-term debt, however, is used for temporary fluctuations and needs in the cash flow cycle and is not used for long-term ongoing financing of SCG long-lived investments. There may be times when SCG temporarily carries balances of short-term debt due to balancing account under-collections and/or fluctuations in the timing of cash inflows and cash outflows which warrant using short-term debt. Outstanding short-term debt is factored into the AFUDC calculations once the short-term debt exceeds the approved allowable regulatory thresholds. As a result, any temporary use of short-term debt is already taken into consideration in the AFUDC calculations and reflected in the rates. The Cost of Capital proceeding is the regulatory forum that establishes SCG's capital structure and its authorized costs of financing. SCG manages its capital structure over the long-term towards these authorized targets.

3. Work-In-Progress (Non-Interest Bearing)

Non-interest bearing construction work-in-progress (NIBCWIP) represents project costs of plant in construction that is not subject to the computation of AFUDC. The NIBCWIP amount represents projects completed and placed in service within 30 days of construction or purchase (*i.e.*, capital tools). The NIBCWIP percentage is developed using a historical of NIBCWIP as a ratio to total CWIP from 2012 to 2016. Weighted average NIBCWIP is projected to be $666 million in TY 2019. The use of five years of historical data is consistent with and in line with currently adopted methodology used by capital and O&M witnesses in their forecasts as well as with prior SCG rate case proceedings before this Commission.

[6] 18 Code of Federal Regulations (CFR) Part 201 at Gas Plant Instruction 3(A)17.

B. Working Capital

Table SCG-PDM-03
Working Capital
(Thousands of Dollars)

Line No.	Account Description	Recorded Year 2016	Estimated Year 2017	Estimated Year 2018	Test Year 2019
	Working Capital				
4	Materials & Supplies	21,490	22,981	23,769	24,506
5	Working Cash	(341)	(353)	(365)	169,122
6	Total Working Capital	21,149	22,628	23,403	193,628

1. Materials and Supplies

Materials and supplies (M&S) represents the cost of purchased materials primarily used as current inventory for construction, operation, maintenance, and contract work. While SCG does not anticipate significant changes from its current inventory level for operational needs, the future costs of M&S are assumed to increase at the projected rate of capital inflation. As a result, the weighted average for estimated years 2017 ($23.0 million), 2018 ($23.8 million), and TY 2019 ($24.5 million) are calculated beginning with the recorded 2016 weighted average balance of $21.5 million and applying an annual factor for capital inflation which is sponsored in the testimony of the Cost Escalation witness Scott Wilder (Exhibit SCG-40). Please see my supporting work papers for the detailed computation.

2. Working Cash

Working Cash represents cash requirements resulting from a lead-lag study and operational working capital contributed by our investors. Working cash is included in rate base to compensate our investors for the funds advanced to operate the business. These funds are used to pay for operating expenses in advance of receiving customer revenues and for day-to-day operational working fund requirements. For TY 2019, SCG proposes a working cash forecast of $169.1 million. The working cash study is sponsored in the testimony of Karen Chan (Exhibit SCG-38-2R).

C. Other Deductions

Table SCG-PDM-04
Other Deductions
(Thousands of Dollars)

Line No.	Account Description	Recorded Year 2016	Estimated Year 2017	Estimated Year 2018	Test Year 2019
	Other				
7	Customer Advances For Construction	(97,909)	(95,539)	(96,209)	(96,879)
8	Deferred Revenue - ITCC	(38,640)	(38,029)	(36,430)	(33,616)
9	Repair Deductions Rate Base Adjustment (2016 - 2038)	(14,300)	(13,650)	(13,000)	(12,350)
10	Total Other	(150,848)	(147,218)	(145,638)	(142,845)

1. Customer Advances for Construction

Customer advances for construction (CAC) represents refundable cash advances for construction paid by third parties and/or customers who have requested the installation of new business mains and services. These cash advances are subject to refund when new customers and appliances are added to these lines as mandated by the Commission and described in SCG Tariff Rules 20 and 21.

The estimated years 2017 and 2018, and TY 2019 balances are forecasted based on a historical five-year trend of CAC balances from 2012 to 2016 for distribution new business and forecasted activity for transmission new business. The use of five years of historical data for distribution is consistent with and in line with currently adopted methodology used by capital and O&M witnesses in their forecasts, as well as with prior SCG rate case proceedings before this Commission. The CAC balances include both the receipts of cash advances, which are recorded as increases, and refunds/forfeitures, which are recorded as decreases. Please see my supporting work papers for the detailed computation.

2. Deferred Revenue for Income Tax Component of Contribution

Deferred revenue for income tax component of contribution (ITCC) represents the tax gross-up for CIAC, which became taxable under the Tax Reform Act of 1986. These tax gross-up amounts reflect the present value of the future tax benefits and are included as a reduction to rate base as ordered in D.87-09-026. The decrease in TY 2019 is primarily due to an estimated $12.6 million, $12.3 million, and $7.4 million of third-party distribution and transmission collectible project costs in 2017, 2018, and 2019, respectively. This rate base component is sponsored in the testimony of the Taxes witness Ragan Reeves (Exhibit SCG-37-2R).

3. Repairs Deduction Rate Base Adjustment (2016 – 2038)

The repairs deduction rate base adjustment represents the reduction to rate base as ordered in D.16-06-054, which has been re-calculated to reflect the impact of the TCJA (*i.e.*, the reduction of federal corporate income tax rate from 35% to 21%, effective January 1, 2018). This re-calculated adjustment also reflects SoCalGas' most current Cost of Capital rates authorized in D.17-07-005, effective January 1, 2018. The impact of the TCJA and the recalculated repairs deduction rate base adjustments are discussed in the testimony of the Taxes witness Ragan Reeves (Exhibit SCG-37-2R), served concurrently with this exhibit. The workpapers supporting the revised repairs deduction rate base adjustment can be found in the supplemental workpapers of Ragan Reeves (Exhibit SCG-37-WP-S/SDG&E-35-WP-S).

D. Deductions for Reserves

Table SCG-PDM-05
Deductions for Reserves
(Thousands of Dollars)

Line No.	Account Description	Recorded Year 2016	Estimated Year 2017	Estimated Year 2018	Test Year 2019
	Deductions For Reserves				
11	Accumulated Deferred Taxes - 2017 Tax Cuts & Jobs Act Adj			523,878	509,818
12	Accumulated Depreciation Reserve	6,788,175	7,089,003	7,450,199	7,861,368
13	Accumulated Deferred Taxes - Plant	1,186,177	1,248,690	793,468	749,743
14	Accumulated Deferred Taxes - CIAC	(124,794)	(135,669)	(140,819)	(144,399)
15	Total Deductions For Reserves	7,849,558	8,202,024	8,626,727	8,976,530

1. Accumulated Depreciation Reserve

Accumulated depreciation reserve represents a weighted average accumulated book depreciation reserve, which includes a summation of depreciation accrual charges, plant retirements, net salvage, and other adjustments or transfers as prescribed by FERC's USofA. The amount is based on the recorded depreciation reserve as of December 31, 2016, and forecasted net activity (depreciation, retirements, and net salvage) of $1,153 million for years 2017 through 2019. Depreciation is sponsored in the testimony of Flora Ngai (Exhibit SCG-36).

2. Accumulated Deferred Taxes - Plant

Accumulated deferred taxes arises from the tax normalization requirements pursuant to the Economic Tax Recovery Act of 1981 (ERTA). These requirements provide that the federal tax basis of 1981 and future years' plant additions be depreciated for ratemaking tax purposes

using book lives on a straight-line remaining life basis. The tax effect of the difference between this normalized depreciation method and the accelerated depreciation methods allowed for federal tax return purposes is treated as a reduction to rate base, thereby, reflecting this tax treatment as a benefit for the ratepayer.

SCG has computed deferred tax balances in accordance with the normalization requirements of Internal Revenue Code § 168(i)(9) and Treasury Regulation § 1.167(1)-(h)(6)(ii). The deferred tax balance that reduces rate base is the weighted average at the beginning of the period and end of period (derived using a pro rata portion of the projected increase during the period). SoCalGas has adjusted its accumulated deferred taxes due to the TCJA. The derivation of the deferred tax balance is sponsored in the testimony of the Taxes witness Ragan Reeves (Exhibit SCG-37-2R).

3. Accumulated Deferred Taxes - CIAC

Accumulated Deferred Taxes – CIAC represents the amount of federal income taxes paid on contributions and advances received subsequent to February 10, 1987, which are taxable income under the Tax Reform Act of 1986. As mandated in D.87-09-026, the utilities are permitted to include this component in their rate base. The weighted average increase of $19.3 million when comparing recorded year 2016 to TY 2019 is due to an estimated $32.3 million of capital projects subject to customer contribution. $21.47 million is attributable to distribution projects while $10.84 million is due to transmission projects. SoCalGas has adjusted its accumulated deferred taxes due to the TCJA. The derivation of the accumulated deferred taxes is sponsored in the testimony of the Taxes witness Ragan Reeves (Exhibit SCG-37-2R).

V. SHARED ASSET RATE BASE

In April 2002, as part of the Commission-approved integration of SCG and SDG&E (*see* D.01-09-056), certain utility capital assets were deemed to be shared by both utilities. These shared assets included structures and improvements, computer equipment, computer software, and telecommunications equipment. In order to recognize that ratepayers across both utilities are appropriately billed for the use of these assets, a process for inter-company billing of the associated revenue requirements was developed.

The rate base calculation for both the shared assets that are recorded in SCG plant balances, and future forecasted shared assets is computed in accordance with the same Commission-approved methodologies as described in Section III above. The Shared Assets

witness James Vanderhye (Exhibit SCG-34-2R/SDG&E-32-2R) provides the details for SCG's shared assets.

VI. CONCLUSION

SCG requests that the Commission adopt as reasonable all components of Weighted Average Rate Base, as summarized in Table SCG-PDM-1 for TY 2019.

This concludes my prepared direct testimony.

VII. WITNESS QUALIFICATIONS

My name is Patrick D. Moersen. My business address is 555 West 5th Street, Los Angeles, CA 90013-1011. I am employed by Southern California Gas Company (SoCalGas) as the Financial and Regulatory Forecasting Manager overseeing the rate base, depreciation, sundry billing and affiliate billing, and costing functions in the SoCalGas Accounting Operations department.

I received a Bachelor of Science degree in Business with an emphasis in Finance from California State University of Northridge in 1981. I also received a Master of Business Administration with an emphasis in Finance from California Lutheran University in 1998.

I have been employed by SoCalGas in various positions and responsibilities since 1994. My experience has included positions in Internal Audit, Financial Planning, Accounts Payable, Treasury, Cash Management, and Asset and Project Accounting. My current responsibilities include managing the rate base and depreciation functions including General Rate Case support, affiliate billing and sundry billing, and costing functions for SoCalGas.

I have previously testified before this Commission.

APPENDIX A
GLOSSARY OF TERMS

AFUDC: Allowance for Funds Used During Construction

CAC: Customer Advances for Construction

CFR: Code of Federal Regulations

CIAC: Contribution in Aid of Construction

CPC: Capital Planning Committee

CPUC: California Public Utilities Commission

CWIP: Construction Work-in-Progress

DIMP: Distribution Integrity Management Program

EFC: Executive Finance Committee

ERTA: Economic Tax Recovery Act of 1981

FCC: Functional Capital Committees

FERC: Federal Energy Regulatory Commission

GRC: General Rate Case

ITCC: Income Tax Component of Contribution in Aid of Construction

M&S: Materials & Supplies

NIBCWIP: Non-Interest Bearing Construction Work-in-Progress

O&M: Operations and Maintenance

RAMP: Risk Assessment and Mitigation Phase

RO: Results of Operations

ROR: Rate of Return

SDG&E: San Diego Gas & Electric Company

SCG/SoCalGas: Southern California Gas Company

SIMP: Storage Integrity Management Program

TIMP: Transmission Integrity Management Program

TY: Test Year

USofA: Uniform System of Accounts

SoCalGas 2019 GRC Testimony Revision Log – April 2018

Exhibit	Witness	Page	Line or Table	Revision Detail
SCG-35	Patrick D. Moersen	PDM-ii	Second bullet	Changed TY 2019 rate base of "$6.77 billion" to "$6.997 billion"
SCG-35	Patrick D. Moersen	PDM-ii	Third bullet	Added new bullet: "Pursuant to the Assigned Commissioner's Scoping Memorandum and Ruling issued on January 29, 2018 (Scoping Memo), this exhibit has been revised to reflect the impact of the Tax Cuts and Jobs Act (TCJA) on the SoCalGas TY 2019 GRC. The TCJA was signed into law on December 22, 2017 and is discussed in the testimony of the Taxes witness Ragan Reeves (Exhibit SCG-37-2R), served concurrently with this exhibit. A roadmap of this TCJA-related submission and impacts on other witnesses' areas is provided in the Case Management Exhibit SCG-49/SDG&E-49."
SCG-35	Patrick D. Moersen	PDM-1	Lines 7-8	Changed TY 2019 rate base of "$6.77 billion" to "$6.997 billion"
SCG-35	Patrick D. Moersen	PDM-1	Table PDM-1	Revised table
SCG-35	Patrick D. Moersen	PDM-8	Table PDM-3	Revised table
SCG-35	Patrick D. Moersen	PDM-8	Lines 19-20	Changed working cash forecast of "$179.8 million" with "$169.1 million"; Updated reference to exhibit number as follows: "Exhibit SCG-38-2R"
SCG-35	Patrick D. Moersen	PDM-9	Table PDM-4	Revised table
SCG-35	Patrick D. Moersen	PDM-9	Line 24	Updated reference to exhibit number as follows: "Exhibit SCG-37-2R"
SCG-35	Patrick D. Moersen	PDM-10	Lines 2-10	Modified paragraph as follows: "The repairs deduction rate base adjustment represents the reduction to rate base as ordered in D.16-06-054, which has been re-calculated to reflect the impact of the TCJA (*i.e.*, the reduction of federal corporate income tax rate from 35% to 21%, effective January 1, 2018). This re-calculated adjustment also reflects SoCalGas' most current Cost of Capital rates authorized in D.17-07-005, effective January 1, 2018. The impact of the TCJA and the re-calculated repairs deduction rate base adjustment are discussed in the testimony of the Taxes witness Ragan Reeves (Exhibit SCG-37-2R), served concurrently with this

Exhibit	Witness	Page	Line or Table	Revision Detail
				exhibit. The workpapers supporting the revised repairs deduction rate base adjustment can be found in the supplemental workpapers of Ragan Reeves (Exhibit SCG -37-WP-S/SDG&E-35-WP-S)."
SCG-35	Patrick D. Moersen	PDM-10	Table PDM-5	Revised table
SCG-35	Patrick D. Moersen	PDM-11	Lines 9-11	Modified as follows: "SoCalGas has adjusted its accumulated deferred taxes due to the TCJA. The derivation of the deferred tax balance is sponsored in the testimony of the Taxes witness Ragan Reeves (Exhibit SCG-37-2R)."
SCG-35	Patrick D. Moersen	PDM-11	Lines 19-21	Modified as follows: "SoCalGas has adjusted its accumulated deferred taxes due to the TCJA. The derivation of the deferred tax balance is sponsored in the testimony of the Taxes witness Ragan Reeves (Exhibit SCG-37-2R)."
SCG-35	Patrick D. Moersen	PDM-12	Line 1	Updated reference to exhibit number as follows: "Exhibit SCG-34-2R/SDG&E-32-2R"