

Company: Southern California Gas Company (U 904 G)  
Proceeding: 2019 General Rate Case  
Application: A.17-10-008  
Exhibit: SCG-41-2R

**SECOND REVISED**

**SOCALGAS**

**DIRECT TESTIMONY OF ANNETTE M. STEFFEN**

**(MISCELLANEOUS REVENUES)**

**April 6, 2018**

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



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## SUMMARY

My testimony presents:

- A Test Year (TY) 2019 miscellaneous revenues forecast of \$83.110 million.
- A description of the components of miscellaneous revenues.
- A forecast for Advanced Meter Opt-Out Fee and Gas Land Services Right Of Way, which are new components when compared to the prior TY 2016 General Rate Case.
- A proposal to eliminate the Service Establishment Charge (SEC).
- 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 General Rate Case. The TCJA was signed into federal 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.

1 **SECOND REVISED SOCALGAS DIRECT TESTIMONY OF ANNETTE M. STEFFEN**  
2 **(MISCELLANEOUS REVENUES)**

3 **I. INTRODUCTION**

4 **A. Summary of Proposals**

5 I sponsor the Test Year 2019 calculations, presentation of costs, and proposals of the  
6 Miscellaneous Revenue area for Southern California Gas Company (SoCalGas). Table AMS-1  
7 below summarizes SoCalGas' miscellaneous revenues for recorded Base Year (BY) 2016 and  
8 proposed TY 2019 in thousands of dollars (\$000's) by Federal Energy Regulatory Commission  
9 (FERC) account, as presented in my testimony. I have presented Table AMS-1 in two parts to  
10 reflect the impacts of my proposal to eliminate Service Establishment Fees (as discussed below  
11 in section III.A.i.).

12 **Table AMS-1**  
13 **Test Year 2019 Summary of Miscellaneous Revenue<sup>1</sup>**

FERC Acct. – Description (\$ in 000's)	2016 Recorded	2019 Test Year	Net Change
488 – Customer Service Revenues*	30,806	10,921	(19,885)
493 – Rent from Gas Property	471	489	18
495 – Other Gas Revenues	73,024	71,700	(1,324)
Total	104,300	83,110	(21,190)

14 \*Reflects Service Establishment Charges as included in 2016 Recorded.

FERC Acct. – Description (\$ in 000's)	2016 Recorded	2019 Test Year	Net Change
488 – Customer Service Revenues**	9,232	10,921	1,689 <sup>1</sup>
493 – Rent from Gas Property	471	489	18
495 – Other Gas Revenues	73,024	71,700	(1,324)
Total	82,727	83,110	383

15 \*\*Reflects Service Establishment Charges as excluded from 2016 Recorded.

<sup>1</sup> Amounts may differ from Results of Operations model due to rounding.

1           **B.       Support To/From Other Witnesses**

2           The miscellaneous revenue forecast provides the basis for the forecasted and projected  
3 revenues associated with the Customer Services Field & Meter Reading and Customer Services  
4 Office Operations testimonies, presented by Gwen Marelli (Exhibit SCG-18) and Michael  
5 Baldwin (Exhibit SCG-19), respectively. The forecast incorporates revenues for the Advanced  
6 Meter Opt-Out program as explained in the Advanced Metering Infrastructure Policy testimony  
7 of Rene Garcia (Exhibit SCG-17). This testimony also incorporates the forecasts for shared  
8 assets and Income Tax Component of Contributions-in-Aid-of-Construction as described in the  
9 Shared Services Policy & Billing testimonies of James Vanderhye (Exhibit SCG-34-2R) and the  
10 Taxes testimony of Regan Reeves (Exhibit SCG-37-2R).

11           **II.       OVERVIEW OF TY 2019 FORECAST**

12           Miscellaneous revenues are comprised of fees and revenues collected by the utility from  
13 non-rate sources for the provision of specific products or services. They include such revenues  
14 as commercial and residential parts services, pipeline services, and other gas-related services.  
15 Miscellaneous revenues are incorporated into rates as a reduction to the gas base margin revenue  
16 requirements charged to customers for utility service, thereby lowering rates.

17           For purposes of forecasting TY 2019 miscellaneous revenues, SoCalGas performed an  
18 item-by-item analysis of miscellaneous revenue accounts, including a review of historical  
19 recorded results, and factors that could impact future results. The forecasts were developed  
20 using methodologies that reflect the drivers for each miscellaneous revenue item. For many  
21 items, such as commercial parts program revenues, where the charge is based on a per-customer  
22 basis, a customer growth factor was applied to adjust historical results to develop the TY 2019  
23 forecast. Where the charge is based on a per-therm basis, a sales growth factor was applied in  
24 deriving the forecast. Generally, unless otherwise specified, the customer or sales growth factors  
25 were applied at a system-wide level for simplicity and consistency purposes. In instances where  
26 the multi-year recorded results are not available or recent factors have caused the multi-year  
27 results to no longer reflect a reasonable expectation of the future, SoCalGas used the most recent  
28 recorded year to develop the forecast. In other cases, such as for rents from property, the  
29 forecast is based on executed lease agreements adjusted for applicable escalation clauses.  
30 Finally, for other miscellaneous revenue items not reflected in the categories described above, a  
31 forecasting methodology was applied to reflect the unique circumstances of the particular

1 activity. The decrease in miscellaneous revenues forecasted for 2019 compared to the 2016  
2 recorded amount is due primarily to the proposed elimination of Service Establishment Charges  
3 (SEC), partially offset by the addition of the Advanced Meter Opt-Out Fee.

4 **III. COMPONENTS OF MISCELLANEOUS REVENUES**

5 SoCalGas forecasts TY 2019 miscellaneous revenues of \$83.110. The following  
6 provides an account-by-account summary and description of miscellaneous revenue items  
7 recorded in BY 2016, estimated for TY 2019, and the net change.

8 **A. Customer Service Revenues – Account 488**

9 These revenues reflect fees collected by the utility for Service Establishment Charges  
10 (SECs), Reconnection Charges, pipeline services, and other service related fees.<sup>2</sup>

11 **1. SECs (\$000's)**

2016 Recorded	2019 Test Year	Net Change
21,574	0	(21,574)

12  
13 The currently authorized SEC fee is \$25 per customer. This fee is charged to establish  
14 service for a customer, except for electric generation and wholesale customers, whether the  
15 customer is new or current. Low-income customers who qualify for the California Public  
16 Utilities Commission (CPUC)-approved California Alternate Rates for Energy (CARE) program  
17 are charged \$10.00 for SEC service. The difference of \$15.00 per CARE customer service fee is  
18 recovered through the CARE portion of the Public Purpose Program (PPP) charge. The amount  
19 recorded to miscellaneous revenue reflects the \$25 charge before the CARE discount.

20 SoCalGas proposes eliminating the SEC in TY 2019. Service establishment is a normal  
21 course of business and the SEC fee is a cost of doing business and cannot be influenced.  
22 SoCalGas proposes to have the cost of establishment be allocated across all customers by class  
23 rather than purely by circumstance, since all customers were, at one time, new customers. In this  
24 manner, there will be a more egalitarian allocation of costs across the entire customer base so  
25 that new customers are not disincented from signing up for service and established customers are

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<sup>2</sup> The use of initial capitalization herein denotes words that are defined in SoCalGas' tariffs or in Commission decisions.

1 not penalized for moving. The entire customer base benefits from the addition of more  
2 customers, since costs of providing service are allocated over a larger base.

3 In addition, the charge may have a detrimental impact on the more economically  
4 vulnerable segment of our society. The population of SoCalGas' service territory has a large  
5 low-income population, with 1.5 million customers utilizing CARE subsidies. The SEC fee has  
6 a larger impact for a low-income customer even with a CARE subsidy. Low-income customers  
7 intentionally use less gas in order to keep their bills low. Despite this effort, the upfront SEC fee  
8 can almost double a low-income customer's monthly bill and immediately put these customers  
9 behind in payments. This, in turn, can lead to more call center inquiries, complaints, and  
10 ultimately more collection activity for the Company.

11 Additional information on the timing of, and accounting for, the elimination of the SEC is  
12 contained in the Regulatory Accounts testimony of Rae Marie Yu (Exhibit SCG-42).

13 **2. AMI Opt-Out Fee (\$000's)**

2016 Recorded	2019 Test Year	Net Change
0	1,054	1,054

14 SoCalGas is requesting to continue the existing fee structure for the Residential  
15 Advanced Meter Opt-Out Program. The fee is applicable for a period of 3-years from the date  
16 the residential customer enrolls in the Residential Advanced Meter Opt-Out Program. Refer to  
17 Mr. Garcia's testimony (Ex. SCG-17) for additional information on the Opt-Out Program,  
18 including the regulatory background and program fees.

19 **3. Reconnection Charge (\$000's)**

20

2016 Recorded	2019 Test Year	Net Change
1,797	1,513	(284)

21 The Reconnection Charge is \$16 to re-establish service subsequent to the closing of a  
22 customer account for non-payment pursuant to SoCalGas' Commission-approved Tariff Rule 10.  
23 The TY 2019 estimate is based on the three-year historical average (2014-2016) adjusted for the  
24 annual growth rates for non-pay turn-on orders for the period 2017-2019. A three-year average  
25 was adopted to reflect increased BY 2016 field activity at a slightly decreased level. This  
26 forecast methodology utilizes the available historical data. This is an established service with no  
27

1 significant changes; therefore, averaging the costs over a three-year period best reflects a  
2 reasonable estimate of the future annual revenues. Additional information regarding the  
3 activities associated with Reconnection Charges are presented in Ms. Marelli's testimony  
4 (Ex. SCG-18).

5 **4. Residential Parts Program (\$000's)**

2016 Recorded	2019 Test Year	Net Change
2,539	2,889	350

6  
7 The Residential Parts Program provides limited parts replacement for residential-type gas  
8 appliances (such as ranges, water heaters, and space heaters). The parts replaced include such  
9 items as appliance connectors, shut-off valves, thermocouples, pilot tubing, and gas light  
10 mantles. The TY 2019 forecast is based on the three-year average number of sales orders per  
11 Customer Service Field (CSF) order type, multiplied by the three-year average of recorded  
12 miscellaneous revenue per sales order, multiplied by the forecasted CSF order volumes. This  
13 forecast methodology best represents the future annual revenues and aligns with the activity  
14 forecast presented in Ms. Marelli's testimony (Ex. SCG-18).

15 **5. Commercial Parts Program (\$000's)**

2016 Recorded	2019 Test Year	Net Change
3,535	4,037	502

16  
17 The Commercial Parts Program provides parts replacement for food industry-type  
18 appliances located in restaurants, hospitals, rest homes, sanitariums, schools, churches, and in-  
19 plant food preparation facilities. These appliances include dishwashers, broilers, griddles, hot  
20 food tables, ovens, braising pans, deep fat fryers, pressure fryers, steam cookers, and other  
21 similar equipment. The parts offered to these customers include thermostats, connectors, and  
22 control valves. The TY 2019 forecast is based on the five-year average number of sales orders  
23 per CSF order type, multiplied by the 3-year average of recorded miscellaneous revenue per  
24 sales order, multiplied by the forecasted CSF order volumes. This forecast methodology best  
25 represents the future annual revenues and aligns with the activity forecast presented in Ms.  
26 Marelli's testimony (Ex. SCG-18).



1                                   **6.       Connect Appliance Program (\$000's)**

2016 Recorded	2019 Test Year	Net Change
87	110	23

2  
3           The Connect Appliance Program provides, upon customer request, connection of new  
4 and used portable appliances such as gas ranges, dryers, barbecues, and gas logs pursuant to  
5 SoCalGas' Commission-approved Tariff Rule 10. The parts utilized to perform this service  
6 include shut-off valves and connectors. The TY 2019 forecast is based on the five-year average  
7 number of sales orders per CSF order type, multiplied by the three-year average of recorded  
8 miscellaneous revenue per sales order, multiplied by the forecasted CSF order volumes. This  
9 forecast methodology best represents the future annual revenues and aligns with the activity  
10 forecast presented in Ms. Marelli's testimony (Ex. SCG-18).

11                                   **7.       Natural Gas Vehicle (NGV) Maintenance (\$000's)**

2016 Recorded	2019 Test Year	Net Change
131	99	(32)

12  
13           SoCalGas receives revenues for providing maintenance services at customer-owned  
14 natural gas vehicle (NGV) facilities. SoCalGas provides a comprehensive set of routine services,  
15 for which customers pay a fixed monthly fee, depending on asset requirements. The service can  
16 include the changing of oil and filters, minor mechanical adjustments, replacement of hoses, and  
17 other vehicle maintenance related items. The TY 2019 estimate is based on the five-year  
18 historical average (2012-2016). This forecast methodology utilizes the available historical data.  
19 This is an established service with no significant changes; therefore, averaging the costs over a  
20 five-year period best reflects a reasonable estimate of the future annual revenues.

21                                   **8.       Pipeline Services (\$000's)**

2016 Recorded	2019 Test Year	Net Change
78	60	(18)

22  
23           Pipeline Services revenues are received for providing installation and maintenance of gas  
24 facilities primarily for commercial customers, school districts, cities, and counties. The TY 2019  
25 forecast reflects the five-year average booked revenue (2012-2016). Due to unknown future

1 work requirements for Pipeline Services work, averaging the costs over a five-year period best  
2 reflects a reasonable estimate of the future annual revenues.

3 **9. Late Payment Charges (\$000's)**

2016 Recorded	2019 Test Year	Net Change
510	521	11

4  
5 SoCalGas' Commission-authorized Tariff Rule 12, Rendering and Payment of Bills,  
6 section D. includes a late-payment charge for non-residential customers. The monthly charge is  
7 equal to 1/12 of SoCalGas' authorized rate of return on rate base applied to the unpaid balance.  
8 The TY 2019 forecast reflects the five-year average booked revenue (2012-2016). This forecast  
9 methodology utilizes the available historical data. This is an established service with no  
10 significant changes; therefore, averaging the costs over a five-year period best reflects a  
11 reasonable estimate of the future annual revenues.

12 **10. Other Customer Service Revenues - Net**

2016 Recorded	2019 Test Year	Net Change
555	639	84

13  
14 Other Customer Service revenues consist of miscellaneous programs including timed  
15 appointments, seismic and non-seismic restores and other service offerings. The TY 2019  
16 forecast is based on the five-year average number of sales order per CSF order type, multiplied  
17 by the five-year average of recorded miscellaneous revenue per sales order, multiplied by the  
18 forecasted CSF order volumes. This forecast methodology best represents the future annual  
19 revenues and aligns with the activity forecast presented in Ms. Marelli's testimony (Ex. SCG-  
20 18).

21 **B. Rents from Gas Property – Account 493**

22 These revenues reflect payments received by the utility for the rental of gas property.

23 **1. Rent from Property Used in Operations (\$000's)**

2016 Recorded	2019 Test Year	Net Change
471	489	18

1 SoCalGas receives rent from outside parties for use of utility-owned properties. The  
2 TY 2019 forecast is based on the rents received from existing lease agreements adjusted for  
3 applicable escalation clauses.

4 **C. Other Gas Revenue – Account 495**

5 Other gas revenues include the provision of various goods and services to other parties,  
6 including shared asset charges to affiliates, crude oil sales, returned check charges, training  
7 programs, line item billing, and other items.

8 **1. Shared Assets (\$000's)**

2016 Recorded	2019 Test Year	Net Change
54,576	54,398	(178)

9  
10 Revenue from shared assets reflects the use of SoCalGas assets, primarily hardware,  
11 software, and communication equipment, by San Diego Gas & Electric Company (SDG&E) and  
12 Sempra Energy Corporate Center (SECC) and its unregulated affiliates. On an ongoing basis,  
13 SoCalGas and SDG&E follow a Shared Asset Policy whereby the company that receives the  
14 majority of the benefits from the shared assets shall own such assets and bill the affiliates for  
15 their use. This policy was implemented for new shared assets acquired or constructed on or after  
16 November 1, 2002.

17 The forecast of the TY 2019 charges billed to affiliates reflects the development of a  
18 revenue requirement associated with these assets, including depreciation, property taxes, federal  
19 and state income taxes, and a return on rate base. The portion of the shared asset costs allocated  
20 to SDG&E, SECC, and its unregulated affiliates is based on methodologies used to measure  
21 utilization. For each type of shared asset, an assignment of a causal/beneficial relationship is  
22 determined (*e.g.*, number of users, square footage, etc.). The asset is then allocated to affiliates  
23 based on their share of the benefit from that asset according to the applicable utilization  
24 methodology. More detailed information on the nature of the shared assets, including the  
25 methodology used to allocate the charges between SDG&E, SECC, and its unregulated affiliates,  
26 is presented in Mr. Vanderhye's testimony (Ex. SCG-34-2R). The amounts billed to the  
27 affiliates are recorded as SoCalGas miscellaneous revenue and are net of the billings to SECC  
28 charged back to SoCalGas. Since these assets are established on SoCalGas' financial records, a  
29 significant revenue requirement is allocated back to SDG&E.

1                                    **2.        Crude Oil Sales (\$000's)**

2016 Recorded	2019 Test Year	Net Change
3,467	3,846	379

2  
3            Crude oil sales represent the revenue from the sale of crude oil produced at SoCalGas'  
4 Aliso, Honor Rancho, and Playa Del Rey underground storage fields. The TY 2019 estimate is  
5 based on a recent New York Mercantile Exchange (NYMEX) futures strip for West Texas  
6 Intermediate crude oil, adjusted for the historical differentials between the benchmark West  
7 Texas Intermediate price and the price received at the various storage fields. The price varies by  
8 storage field because of the differences in the quality of oil. The forecast includes administrative  
9 fee reimbursement for PDR PECO Oil & Gas LLC, et al., for all costs and expenses incurred in  
10 the operation of the Playa del Rey storage field including, without limitation, lifting, reworking  
11 and redrilling expenses, and improvement and maintenance of surface equipment under  
12 agreement.

13                                    **3.        Goleta Storage Emission Credit Lease (\$000's)**

2016 Recorded	2019 Test Year	Net Change
1,023	1,023	0

14  
15            Storage emission credit revenues are realized from the lease of emission-offset credits at  
16 SoCalGas' Goleta storage facility. The TY 2019 forecast is based on the continuation of a  
17 contractual agreement with Chevron U.S.A. Corporation relating to the Point Arguello Project  
18 executed on February 5, 1988. The agreement provides for a fixed annual fee paid on a quarterly  
19 basis.

20                                    **4.        Returned Check Charge (\$000's)**

2016 Recorded	2019 Test Year	Net Change
557	496	(61)

21  
22            The Returned Check Charge is \$7.50 and is assessed to customers whose checks are  
23 returned for insufficient funds pursuant to SoCalGas' Commission-authorized Tariff Rule 12.  
24 The TY 2019 forecast is based on a three-year historical average (2014-2016). This forecast  
25 methodology utilizes the available historical data. This is an established convention with no

1 significant changes; therefore, averaging the costs over a three-year period best reflects a  
2 reasonable estimate of the future annual revenues.

3 **5. Income Tax Component of Contributions-in-Aid-of-Construction**  
4 **(ITCC) (\$000's)**

2016 Recorded	2019 Test Year	Net Change
3,871	6,297	2,426

5  
6 ITCC represents the tax gross-up for contributions-in-aid-of-construction (CIAC) which  
7 became taxable under the Tax Reform Act of 1986. These tax gross-up amounts reflect the  
8 present value cost of tax paid upon receipt of CIAC, offset by the future tax benefits to be  
9 received through tax depreciation over the tax life of the constructed property. ITCC is included  
10 as a reduction to rate base and is amortized to miscellaneous revenue over the tax life of the  
11 constructed property as ordered in D.87-09-026. The 2019 forecast is based on the ongoing  
12 amortization of the ITCC collected from 1987 through 2016 and the amortization of the  
13 forecasted ITCC to be collected from 2017-2019. Additional information on ITCC is contained  
14 in Mr. Reeves' testimony (Ex. SCG-37-2R).

15 **6. Training Activity (\$000's)**

2016 Recorded	2019 Test Year	Net Change
415	542	127

16  
17 SoCalGas receives revenues for providing distribution and customer services field  
18 training, particularly welding training and welding re-certification/re-qualifying to various third-  
19 party companies/contractors and other utilities involved in such activities. The TY 2019 forecast  
20 is based on a three-year trend for the period 2014-2016. This forecast methodology utilizes the  
21 available historical data. This is an established service that does fluctuate year to year; trending  
22 the costs over a three-year period best reflects a reasonable estimate of the future annual  
23 revenues.

24 **7. Line Item Billing (\$000's)**

2016 Recorded	2019 Test Year	Net Change
5,142	804	(4,338)

1 This service is offered to third parties providing energy-related and home safety-related  
2 products and/or services to residential and small commercial industrial customers within  
3 SoCalGas' service territory. The billing statement for SoCalGas customers displays the charges  
4 for the product or service provided by the third-party client on a single line item. For example,  
5 Company X provides service to Customer Y and the charge for this service is included in the  
6 customer's bill as a single line item. SoCalGas then charges the third-party client a  
7 predetermined fee for this billing service.

8 Due to third-party involvement, line item billing revenues are dependent primarily on  
9 external factors. These external factors include the marketing efforts of third-party clients  
10 participating in the program, the amount that third parties are willing to pay for the line item  
11 billing service, the third party's level of success in acquiring customers for line item billing; and  
12 customer attrition from the third party's service offering. To reflect these factors, the forecasting  
13 method for line item billing is based on a five-year average (2012-2016) and a decreasing growth  
14 rate based on the uncertainty of future market potential, sustaining a vendor relationship, and a  
15 limited qualified vendor pool. In early TY 2019 the vendor contract will expire and the terms of  
16 renewal, if the third party opts to renew or others bid, is uncertain.

17 **8. Federal Energy Retrofit Program (FERP) (\$000's)**

2016 Recorded	2019 Test Year	Net Change
366	112	(254)

18 Pursuant to 42 U.S.C. § 8256, the U.S. Government is authorized and encouraged to enter  
19 into contracts with local utilities to expedite and facilitate the implementation of cost effective  
20 energy and water conservation measures. SoCalGas currently performs project management  
21 under infrastructure improvement contracts. The amount recorded to miscellaneous revenues  
22 pursuant to these contracts reflects the difference between the revenues collected from the  
23 government agencies less the costs incurred to perform the work. The 2019 forecast is based on  
24 the forecasted net revenue from anticipated Utility Energy Service Contracts (UESC). The  
25 decrease in the 2019 forecast from 2016 recorded is due to the Navy extending its practice to  
26 only implement lender-financed UESC projects. As an example, SoCalGas has not executed a  
27 UESC contract since November 2014.  
28

1 For Test Year 2019 and beyond, SoCalGas proposes to extend the FERP program  
2 offering to Commercial/Industrial customers and other government and municipal entities.  
3 SoCalGas anticipates that contracts will not be executed under this expanded program until 2020  
4 or 2021, and any additional revenues realized from this expansion will be reported in the next  
5 GRC.

6 **9. Miscellaneous Other Gas Revenues (\$000's)**

2016 Recorded	2019 Test Year	Net Change
306	875	569

7  
8 Miscellaneous other gas revenues consist of items not reflected in any other  
9 miscellaneous revenue section and include revenues from the South Coast Air Quality  
10 Management District (SCAQMD) Regional Clean Air Incentives Market (RECLAIM) credits,  
11 mapping services, land and right of way revenue, and Aliso Canyon property revenue.<sup>3</sup>  
12 Forecasts for these revenues are based on available historical information and any unique  
13 circumstances of the particular activity.

14 RECLAIM credit revenue is the largest driver in the increase of Miscellaneous Other Gas  
15 Revenues reflected above. The RECLAIM program is a market-based program similar to cap  
16 and trade. In recent years, SoCalGas has had little to no company-wide surplus Reclaim Trading  
17 Credits (RTCs) available to sell. However, as Mr. Buczkowski's (Ex. SCG-11) testimony  
18 discusses, the Aliso Canyon Turbine Replacement project will reduce SoCalGas' demand for  
19 RTCs because the project substantially reduces the nitrogen dioxide emissions at the site and, as  
20 such, will reduce SoCalGas' need for offsetting credits. The forecast projects the company-wide  
21 surplus RTCs and assumes they will be sold at market value.

22 **10. Microwave Bandwidth Revenue**

2016 Recorded	2019 Test Year	Net Change
31	30	(1)

23  
24 This revenue is for leasing excess capacity on the Company's microwave network to a  
25 third party. This lease has a right-to-terminate clause if the capacity is needed for internal use by

---

<sup>3</sup> Gas land services right of way revenue is included in this section. It is not new but was not included in the last rate case. The average revenue over the past 3-years is \$14,000.

1 SoCalGas. The forecast assumes no change to the lease requirements. Costs for this area are  
2 static and we anticipate no revenue growth.

3 **11. Ownership Charges**

2016 Recorded	2019 Test Year	Net Change
3,270	3,276	6

4  
5 Ownership Charges are assessed in accordance with SoCalGas' Commission-approved  
6 Tariff Rules 20 and 21. The monthly Ownership Charge is derived by applying the cost-of-  
7 ownership rate to the un-refunded refundable balance after the first thirty-six months from the  
8 date the facility becomes operational. The Ownership Charges are taken into consideration in  
9 deriving the refunds and the forfeitures at the end of the project life. In determining the TY 2019  
10 forecast, SoCalGas used an average of the most recent three-year recorded revenue (2014-2016)  
11 adjusted for expected economic and development growth. This forecast methodology best  
12 reflects the economy's impact on the future revenues.

13 **IV. CONCLUSION**

14 This concludes my prepared direct testimony.



1 **V. WITNESS QUALIFICATIONS**

2 My name is Annette M. Steffen. I am employed by SoCalGas as the Capital and  
3 Operating Planning Manager in the Financial and Business Planning Department. My business  
4 address is 555 West Fifth Street, Los Angeles, California 90013. My current responsibilities  
5 include preparing and managing the internal SoCalGas financial plan including variance analysis  
6 to actual financial results. I assumed my current position in January 2016.

7 I received a Bachelor of Science degree in Business Administration with an emphasis in  
8 Accounting from Humboldt State University as well as an MBA with an emphasis in Finance  
9 from San Diego State University.

10 I have been employed with SoCalGas and other Sempra Energy companies since 2001.  
11 In addition to my current position in Financial and Business Planning, I have held various other  
12 positions at SDG&E and Sempra Corporate. I served as a Project Manager-Supervisor for the  
13 SDG&E Capital and Operating Planning Department (2011-2015), a senior level analyst in  
14 SDG&E's Business and Financial Planning Department (2007-2011) and a senior level analyst in  
15 the Cash Management Department of Sempra Energy's Corporate Treasury Department (2001-  
16 2006).

17 I have not previously testified before this Commission.

## LIST OF ACRONYMS

CARE	California Alternate Rates for Energy
CIAC	Contributions-in-Aid-of-Construction
CPUC	California Public Utilities Commission
CSF	Customer Service Field
FERC	Federal Energy Regulatory Commission
FERP	Federal Energy Retrofit Program
ITCC	Income Tax Component of Contributions-in-Aid-of-Construction
NGV	Natural Gas Vehicle
NYMEX	New York Merchantile Exchange
PPP	Public Purpose Program
SEC	Service Establishment Charge
SECC	Sempra Energy Corporate Center
TCJA	Tax Cuts and Jobs Act

**SCG 2019 GRC Testimony Revision Log – April 2018**

<b>Exhibit</b>	<b>Witness</b>	<b>Page</b>	<b>Line or Table</b>	<b>Revision Detail</b>
SCG-41	Annette Steffen	AMS-ii	Summary	Changed “\$84,923” to “\$83,110”
SCG-41	Annette Steffen	AMS-ii	Summary	Added “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 General Rate Case. The TCJA was signed into federal 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-41	Annette Steffen	Multiple	Multiple	Updated references to other witnesses’ second revised testimonies (-2R)
SCG-41	Annette Steffen	AMS-1	Table AMS-1	Changed “73,513” to “71,700”
SCG-41	Annette Steffen	AMS-1	Table AMS-1	Changed “489” to “(1,324)”
SCG-41	Annette Steffen	AMS-1	Table AMS-1	Changed “84,923” to “83,110”
SCG-41	Annette Steffen	AMS-1	Table AMS-1	Changed “(19,377)” to “(21,190)”
SCG-41	Annette Steffen	AMS-1	Table AMS-1	Changed “73,513” to “71,700”
SCG-41	Annette Steffen	AMS-1	Table AMS-1	Changed “489” to “(1,324)”
SCG-41	Annette Steffen	AMS-1	Table AMS-1	Changed “84,923” to “83,110”
SCG-41	Annette Steffen	AMS-1	Table AMS-1	Changed “2,196” to “383”
SCG-41	Annette Steffen	AMS-3	5	Changed “\$84,923” to “\$83,110”
SCG-41	Annette Steffen	AMS-8	8	Changed “56,212” to “54,398”
SCG-41	Annette Steffen	AMS-8	8	Changed “1,636” to “(178)”