

Application No: A.11-11-002  
Exhibit No.: \_\_\_\_\_  
Witness: S. Nasim Ahmed

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In the Matter of the Application of San Diego Gas & )  
Electric Company (U 902 G) and Southern California )  
Gas Company (U 904 G) for Authority to Revise )  
Their Rates Effective January 1, 2013, in Their )  
Triennial Cost Allocation Proceeding )  
\_\_\_\_\_ )

A.11-11-002  
(Filed November 1, 2011)

**REVISED UPDATED PREPARED DIRECT TESTIMONY OF**

**S. NASIM AHMED**

**SAN DIEGO GAS AND ELECTRIC COMPANY**

**AND**

**SOUTHERN CALIFORNIA GAS COMPANY**

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

February 22, 2013

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1                                   **REVISED UPDATED PREPARED DIRECT TESTIMONY**

2   **OF S. NASIM AHMED**

3   **I.       QUALIFICATIONS**

4                   My name is S. Nasim Ahmed. I am employed by Southern California Gas Company  
5 (SoCalGas). My business address is 555 West Fifth Street, Los Angeles, California, 90013-  
6 1011. I am the Principal Regulatory Accounts Advisor in the Regulatory Accounts group within  
7 the Accounting and Finance Department which supports the regulatory activities for SoCalGas. I  
8 have held my current position since October 2002. My responsibilities for SoCalGas' regulatory  
9 balancing, tracking, and memorandum accounts include implementation of regulatory accounting  
10 procedures for compliance with Commission decisions, quantifying and recording the monthly  
11 entries and adjustments to the regulatory accounts, and preparing forecasted balances for  
12 regulatory accounts for inclusion in SoCalGas' annual compliance filings.

13                   I received my Bachelor of Science degree in Accounting from California State  
14 University, Long Beach in 1987. I began my employment at Pacific Lighting Corporation, then  
15 the parent company of SoCalGas, in 1987 in the Internal Audit Department. I have held various  
16 positions of increasing responsibility in Internal Audit, General Accounting, and Utility  
17 Regulatory Accounting before assuming my current position.

18                   I have previously submitted testimony before the California Public Utilities Commission  
19 (Commission).

20   **II.       PURPOSE**

21                   The purpose of my testimony is to: (1) present the forecasts of the SoCalGas December  
22 31, 2012 regulatory account balances to be incorporated into the Triennial Cost Allocation  
23 Proceeding (TCAP) adopted rates; (2) propose the elimination of the 2004-2007 program cycle

1 in the Research Development & Demonstration Expense Account (RDDEA) as it is no longer  
2 required with the residual balance to be transferred to other regulatory accounts; and (3) propose  
3 a refund plan for the charges accumulated in the Curtailment Violation Penalty Account  
4 (CVPA).

### 5 **III. OVERVIEW**

6 The rates authorized in Decision (D.) 09-11-006, Phase II of SoCalGas' 2009 BCAP  
7 Settlement, became effective February 1, 2010. As authorized by the Commission, SoCalGas  
8 subsequently filed its annual regulatory account update by advice letter in October 2010,  
9 requesting authority to incorporate estimated December 31, 2010 regulatory account balances  
10 into rates effective January 1, 2011.<sup>1</sup> The Commission granted such authority on December 21,  
11 2010. More recently, SoCalGas filed its most recent regulatory account balance update Advice  
12 Letter 4287 on October 17, 2011 requesting authority to incorporate estimated December 31,  
13 2011 regulatory account balances into rates effective January 1, 2012. The October 17, 2011  
14 regulatory account balance update reflects the latest available information on the regulatory  
15 account balances, including forecasts of other regulatory accounts authorized in other  
16 proceedings. That update of regulatory account balances and another to be filed in October  
17 2012 will supersede the forecast being provided herein in Section IV in order to ensure that rates  
18 are based on forecasted regulatory account balances that reflect the latest available information  
19 for incorporating into rates effective January 1, 2013.

20 Section IV presents the forecasts for the regulatory accounts, Section V describes the  
21 proposal for the elimination of the 2004-2007 program cycle of the RDDEA and the disposition  
22 of the residual balance in the account, and Section VI describes the proposal for the refund plan

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<sup>1</sup> Advice No. 4156-A filed on October 29, 2010.

1 for charges accumulated in the CVPA. The rate impact of the regulatory account balances is  
2 addressed in the testimony of Mr. Bonnett.

3 As discussed in detail in the following section, the forecasted December 31, 2012  
4 regulatory account balances are summarized in Table 1 and are based on recorded activity  
5 through March 2012. SoCalGas proposes to include the forecasted regulatory account  
6 balances presented in Section IV in rates to be amortized over a 12-month period beginning  
7 January 1, 2013.

8 **IV. FORECAST OF REGULATORY ACCOUNT BALANCES AS OF DECEMBER**  
9 **31, 2012**

10 **1. Affiliate Transfer Fee Account (ATFA)**

11 The ATFA was established by D.97-12-088 to record the transfer payment to SoCalGas  
12 from Sempra Energy when an employee moves from SoCalGas to a Sempra Energy affiliate.  
13 The ATFA is forecast to be \$262,000 overcollected as of December 31, 2012 due to transfer  
14 payments recorded in the 1<sup>st</sup> quarter of 2012.

15 **2. Backbone Transmission Balancing Account (BTBA)**

16 Pursuant to D.11-04-032, the purpose of the BTBA (formerly known as the Firm Access  
17 Rights Balancing Account) is to record the difference between the authorized Backbone  
18 Transmission Service (BTS) revenue requirement and BTS revenues from firm and interruptible  
19 access to SoCalGas' transmission system. Also, pursuant to D.11-03-029, the BTBA will  
20 record net revenues from off-system deliveries in excess of any applicable system reliability  
21 costs and system implementation costs for off-system delivery service. In addition, the BTBA  
22 is authorized to include a subaccount to record information technology costs incurred to enhance  
23 BTS.

1 The BTBA is forecast to be \$17.7 million undercollected as of December 31, 2012. The  
2 forecasted undercollected balance is primarily due to the authorized BTS revenue requirement  
3 exceeding the BTS revenues.

### 4 **3. Core Fixed Cost Account (CFCA)**

5 The CFCA balances an authorized margin (excluding the transmission revenue  
6 requirements recorded in the BTBA and Integrated Transmission Balancing Account (ITBA))  
7 and other non-gas costs allocated to the core market with revenues collected in rates intended to  
8 recover these costs. The CFCA also records the core portion of costs for funding SoCalGas'  
9 Gas Assistance Fund (GAF) program pursuant to Advice No. 4168 and credits for the increased  
10 revenues from the 1% surcharge in franchise fees charged to core customers in the City of  
11 Huntington Beach until the system-wide franchise fee factor is updated in SoCalGas' 2012  
12 GRC.

13 The CFCA is forecasted to be overcollected by \$46.8 million as of December 31, 2012.  
14 As of December 31, 2011, the recorded CFCA balance was more overcollected than was  
15 forecast for amortization in 2012 rates due to greater than expected revenues recorded during  
16 the 4<sup>th</sup> quarter. As SoCalGas amortized a lower projected CFCA overcollected balance in 2012  
17 rates, the unamortized portion of the overcollection (i.e., the difference between the actual  
18 overcollected year-end balance and the projected overcollected year-end balance amortized in  
19 2012 rates) was carried over into 2012 and is the primary driver for the forecasted CFCA  
20 overcollected balance as of December 31, 2012. Beginning in January 1, 2013, instead of  
21 recording 1/12 of the authorized margin on a monthly basis in the CFCA, SoCalGas proposes to  
22 seasonalize the authorized margin based on the proposed core demand forecast as described in  
23 the testimony of Ms. Payan. This change will provide a more consistent comparison between

1 revenues and costs recorded in the CFCA similar to the authorized seasonality of revenue and  
2 costs recorded in the Noncore Fixed Cost Account (NFCA) and ITBA. If the TCAP is delayed  
3 and not implemented in January 2013, then the CFCA would record 1/12 of the authorized  
4 margin for the months prior to the implementation date and a seasonalized monthly margin  
5 subsequent to the implementation date. This would result in the CFCA recording an annual  
6 margin different from what is authorized. Therefore, if the TCAP authorizes an implementation  
7 in a month subsequent to January, SoCalGas proposes to implement seasonalizing the  
8 authorized margin at the beginning of the subsequent year.

#### 9 **4. Company Use Fuel for Load Balancing Account (CUFLBA)**

10 Pursuant to D.09-11-006, the CUFLBA was established to balance the difference  
11 between actual costs for company-use fuel for load balancing purposes with the revenues  
12 intended to recover these costs. The CUFLBA is forecast to be \$313,000 undercollected as of  
13 December 31, 2012. As of December 31, 2011, the recorded CUFLBA balance was more  
14 undercollected than was forecast for amortization in 2012 rates. As SoCalGas amortized a  
15 lower projected CUFLBA undercollected balance in 2012 rates, the unamortized portion of the  
16 undercollection (i.e., the difference between the actual undercollected year-end balance and the  
17 projected undercollected year-end balance amortized in 2012 rates) was carried over into 2012  
18 and is the primary driver for the forecasted CUFLBA undercollected balance as of December  
19 31, 2012..

#### 20 **5. Compressor Station Fuel and Power Balancing Account (CFPBA)**

21 Pursuant to D.08-07-046, SoCalGas' 2008 GRC, the CFPBA was established to record  
22 actual costs for electricity used in the operation of SoCalGas' compressor stations. The CFPBA  
23 is forecast to be undercollected by \$3.6 million as of December 31, 2012. The proposal for the

1 allocation of the CFPBA undercollected balance in rates is discussed in the testimony of Mr.  
2 Bonnett.

3 **6. California Solar Initiative Thermal Program Memorandum Account**  
4 **(CSITPMA)**

5 The CSITPMA was established to record expenses associated with the California Solar  
6 Initiative (CSI) Thermal program pursuant to D.10-01-022. In compliance with AB 1470, the  
7 Commission established the CSI Thermal program to provide incentives to promote the  
8 installation of solar water heating systems in homes and businesses that displace the use of  
9 natural gas.

10 The CSITPMA is forecast to be undercollected by \$3.3 million as of December 31,  
11 2012. The forecasted undercollected balance is primarily due to projected incentive payments  
12 and other program expenses for the year.

13 **7. Economic Practicality Shortfall Memorandum Account (EPSMA)**

14 The EPSMA, which is not recorded on SoCalGas' financial statements, tracks the  
15 shortfall in revenue that is recorded in the CFCA principally as a result of large core customers  
16 electing to transfer from core to noncore service. In D.09-11-006, SoCalGas was authorized to  
17 update the demand forecast to account for core to noncore migration and assign 20% of the  
18 revenue shortfall occurring in the CFCA directly to noncore customers (remaining 80% is  
19 recovered from core customers). The EPSMA is forecasted to be undercollected by \$497,000 as  
20 of December 31, 2012. SoCalGas proposes to amortize and record the corresponding entries  
21 into the CFCA over a 12-month period beginning January 1, 2013.



1                   **8. Enhanced Oil Recovery Account (EORA)**

2                   The EORA balances an authorized margin (excluding the transmission revenue  
3 requirements recorded in the BTBA and ITBA) and other non-gas costs allocated to the EOR  
4 market with revenues collected in rates intended to recover these costs. The EORA is  
5 forecasted to be overcollected by \$141,000 as of December 31, 2012. As of December 31,  
6 2011, the recorded EORA balance was less undercollected than was forecast for amortization in  
7 2012 rates. In amortizing a higher projected EORA undercollected balance in 2012 rates,  
8 SoCalGas is forecasting to collect revenues in excess of the amount needed to recover the actual  
9 undercollected year-end balance which is the primary driver for the forecasted EORA  
10 overcollected balance as of December 31, 2012.

11                   **9. Firm Access and Storage Rights Memorandum Account (FASRMA)**

12                   The FASRMA records costs incurred to implement a firm tradable access and storage  
13 rights structure to provide customers with an opportunity to obtain firm access into the utility  
14 system at a specific receipt point and storage capacity throughout the year. In addition, the  
15 FASRMA records costs associated with establishing and maintaining new postings on the  
16 Electronic Bulletin Board (EBB), a secondary market for storage rights, a new fifth nomination  
17 cycle, new optional enhanced balancing services, and system expansion studies (plus related  
18 third party review). Also, pursuant to D.11-03-029, the FASRMA will record system  
19 modification costs in providing interruptible and firm off-system delivery service and any  
20 related off-system delivery revenues to recover these costs.

21                   The FASRMA is forecasted to be \$2.0 million undercollected as of December 31, 2012.  
22 The forecasted undercollected balance is primarily due to capital-related costs related to the firm  
23 tradable access and storage rights structure.

1                   **10. FERC Settlement Proceeds Memorandum Account (FSPMA)**

2                   The original purpose of the FSPMA (previously established as the El Paso Settlement  
3 Proceeds Memorandum Account) was solely to record the El Paso Settlement Proceeds  
4 allocable to Core Aggregation Transportation (CAT) customers pursuant to D.03-10-087. The  
5 FSPMA was modified to include the CAT customers' share of all FERC settlement proceeds  
6 received from other companies settling with the State of California for their involvement in the  
7 2000-2001 energy crisis.

8                   The FSPMA is forecasted to be \$1.2 million overcollected as of December 31, 2012. In  
9 2012 rates, SoCalGas amortized an undercollected FSPMA balance. However, due to a  
10 projected higher-than-anticipated throughput for CAT customers for 2012, SoCalGas forecasts  
11 to collect revenues in excess of the amount needed to recover the actual year-end undercollected  
12 balance which is the primary driver for the forecasted FSPMA overcollected balance as of  
13 December 31, 2012.

14                   **11. Hazardous Substance Cost Recovery Account (HSCRA)**

15                   The HSCRA was established to record hazardous substance clean-up and insurance  
16 litigation costs related to manufactured gas plants, presently identified federal Superfund sites,  
17 and other sites identified by the utility offset by recorded insurance recoveries from third parties,  
18 insurance carriers, and customers. Consistent with Commission authorization in D.94-05-020,  
19 90% of hazardous substance costs, 70% of insurance litigation costs and a portion of any  
20 insurance recoveries (determined by adopted formula) are allocable to customers.

21                   The HSCRA is forecasted to be undercollected by \$7.7 million as of December 31, 2012.  
22 The forecasted undercollected balance is due to the ratepayer's 90% share of clean-up costs.

1                   **12. Honor Rancho Storage Memorandum Account (HRSMA)**

2                   The purpose of the HRSMA is to record the incremental costs and revenues associated  
3 with the Honor Rancho Storage Expansion Project as approved by D.10-04-034. The HRSMA  
4 consists of two subaccounts: 1) Project Cost Recovery (PCR) subaccount to record the revenue  
5 requirements associated with the incremental storage assets and cushion gas; and, 2) Operating  
6 & Maintenance (O&M) subaccount to record the incremental O&M expenses and any  
7 incremental oil revenues as a result of the storage expansion project. The HRSMA balance  
8 associated with the amortization of 2011 incremental costs is forecasted to be \$38,000  
9 overcollected as of December 31, 2012 . As of December 31, 2011, the recorded HRSMA  
10 balance was less undercollected than was forecast for amortization in 2012 rates. In amortizing  
11 a higher projected HRSMA undercollected balance in 2012 rates, SoCalGas is forecasting to  
12 collect revenues in excess of the amount needed to recover the actual undercollected year-end  
13 balance which is the primary driver for the forecasted HRSMA overcollected balance as of  
14 December 31, 2012.-In her testimony, Ms. Fung proposes to include a three-year revenue  
15 requirement of capital costs including a forecast of cushion gas costs for Honor Rancho Storage  
16 Expansion Project in SoCalGas' Embedded Storage Cost. Consistent with Ms. Fung's proposal,  
17 the PCR subaccount will be modified to only record the difference between the forecasted and  
18 actual revenue requirement for the cost of cushion gas purchased and the O&M subaccount will  
19 continue to record any incremental oil revenues until the next cost allocation or other  
20 appropriate proceeding. The HRSMA will also reflect the carryover of 2012 incremental costs  
21 associated with the Honor Rancho Storage Expansion Project.

1                                   **13. Integrated Transmission Balancing Account (ITBA)**

2                   Pursuant to D.06-04-033, D.06-12-031, Resolution G-3407, and D.11-04-032, SoCalGas  
3 was authorized to establish the ITBA to record the difference between the authorized  
4 transmission system revenue requirement and the corresponding transmission system revenues  
5 that are not reflected in the BTBA. Pursuant to D.11-04-032, effective October 1, 2011, the  
6 ITBA no longer records transmission fuel costs and any related revenues to recover these costs  
7 since these costs will be recovered from customers through an in-kind gas fuel charge.

8                   SoCalGas' ITBA is forecasted to be \$0.5 million overcollected as of December 31,  
9 2012. As of December 31, 2011, the recorded ITBA balance was more overcollected than was  
10 forecast. As SoCalGas amortized a lower projected ITBA overcollected balance in 2012 rates,  
11 the unamortized portion of the overcollection (i.e., the difference between the actual  
12 overcollected year-end balance and the projected overcollected year-end balance amortized in  
13 2012 rates) was carried over into 2012 and is the primary driver for the forecasted ITBA  
14 overcollected balance as of December 31, 2012.-Under System Integration, the forecasted  
15 balances for SoCalGas' ITBA and SDG&E's ITBA are combined and re-allocated between the  
16 two utilities based on the adopted cold-year throughput. After combining and re-allocating the  
17 projected 2012 year-end balances, SoCalGas' re-allocated ITBA balance is forecasted to be  
18 overcollected \$4.3 million.

19                                   **14. Intervenor Awards Memorandum Account (IAMA)**

20                   The IAMA was established to record authorized payments to intervenors for recovery in  
21 rates. The IAMA is forecasted to be \$61,000 undercollected as of December 31, 2012 resulting  
22 from intervenor payments recorded in the latter months of 2011 and 1<sup>st</sup> quarter of 2012.

1                   **15. Montebello True-Up Tracking Account (MTTA)**

2                   Pursuant to the Amended Settlement Agreement approved by D.01-06-081, SoCalGas  
3 was authorized to track the difference between the ratepayer’s 50% share of the actual net after-  
4 tax gains associated with the abandonment of the Montebello storage facility and the \$30  
5 million upfront refund provided to ratepayers over the 12-month period beginning in September  
6 2001. As SoCalGas continues to recover and sell cushion gas from the storage facility,  
7 SoCalGas anticipates a difference between the amount recorded in the tracking account and the  
8 upfront refund. The MTTA is forecast to be \$2.5 million undercollected as of December 31,  
9 2012 due to an annual adjustment recorded in the 4<sup>th</sup> quarter of 2011 to reflect an update of  
10 projected cost and revenue data.

11                   **16. Noncore Fixed Cost Account (NFCA)**

12                   The purpose of the NFCA is to balance an authorized margin (excluding the  
13 transmission revenue requirements recorded in the BTBA and ITBA) and other non-gas costs  
14 allocated to noncore customers (excluding EOR) with corresponding revenues to recover such  
15 costs. The NFCA also records the noncore portion of costs for funding SoCalGas’ GAF  
16 program pursuant to Advice No. 4168 and credits for the increased revenues from the 1%  
17 surcharge in franchise fees charged to noncore customers in the City of Huntington Beach until  
18 the system-wide franchise fee factor is updated in SoCalGas’ 2012 GRC.

19                   The NFCA is forecasted to be \$1.4 million overcollected as of December 31, 2012. As  
20 of December 31, 2011, the recorded NFCA balance was less undercollected than was forecast  
21 for amortization in 2012 rates. In amortizing a higher projected NFCA undercollected balance  
22 in 2012 rates, SoCalGas is forecasting to collect revenues in excess of the amount needed to

1 recover the actual undercollected year-end balance which is the primary driver for the forecasted  
2 NFCA overcollected balance as of December 31, 2012.

### 3 **17. Noncore Storage Balancing Account (NSBA)**

4 The NSBA balances authorized costs for unbundled storage service with reservation  
5 revenues collected from customers who contract for storage service under the unbundled storage  
6 program. In addition, the NSBA records net revenues from hub services collected under  
7 SoCalGas' G-PAL (Operational Hub Service) tariff. D.08-12-020, Phase I of SoCalGas' 2009  
8 BCAP, established a sharing mechanism for the NSBA between ratepayers and shareholders for  
9 net revenues for a six-year period beginning in January 1, 2009. Consistent with the proposal in  
10 the testimony of Ms. Musich to extend the provisions of the Settlement in D.08-12-020 for the  
11 unbundled storage program through the TCAP period, the accounting treatment for authorized  
12 costs and related revenues including the sharing mechanism for the NSBA should also be  
13 extended through 2015. The NSBA is forecasted to be \$23.3 million overcollected as of  
14 December 31, 2012. The forecasted overcollected balance is primarily due to revenues  
15 exceeding the authorized costs for the year.

### 16 **18. Pension Balancing Account (PBA)**

17 The purpose of the PBA is to balance the difference between the forecasted and actual  
18 minimum contributions to SoCalGas' pension fund. The authorized pension revenue  
19 requirement and the related actual pension expenses recorded in the PBA are adjusted for  
20 related pension costs capitalized in ratebase and inter-company pension costs (i.e., for shared  
21 services) billed to and charged from SoCalGas' affiliate companies. In addition, the PBA  
22 records an adjustment for the difference in pension costs embedded in authorized and actual  
23 depreciation along with the related return.

1 Pursuant to D.08-07-046, SoCalGas' 2008 GRC, the PBA is effective January 1, 2008  
2 and will continue for the four-year GRC cycle through December 31, 2011. The PBA is  
3 addressed in SoCalGas' 2012 GRC A.10-12-006 which includes among other things the pension  
4 funding revenue requirement and the continued amortization of the PBA balance on an annual  
5 basis during the 2012 GRC period. Pending resolution of the PBA in SoCalGas' 2012 GRC  
6 application, a forecast of the PBA balance as of December 31, 2012 is not presented in this  
7 application. As SoCalGas is amortizing an undercollected PBA balance of \$74.4 million  
8 effective January 1, 2012, the same undercollected balance will be retained as a placeholder for  
9 the proposed amortization in rates over the 12-month period beginning January 1, 2013. Once a  
10 Commission decision in SoCalGas' 2012 GRC application is issued, an updated forecast of the  
11 PBA will be included in SoCalGas' October 2012 regulatory account balance update filing.

#### 12 **19. Post-Retirement Benefits Other than Pension Balancing Account**

##### 13 **(PBOPBA)**

14 The purpose of the PBOPBA is to balance the difference between the annual Post  
15 Retirement Benefits Other than Pension (PBOP) costs embedded in authorized rates and the  
16 actual tax-deductible contributions to the PBOP Trust. The authorized PBOP revenue  
17 requirement and the related actual PBOP expenses recorded in the PBOPBA are adjusted for  
18 related PBOP costs capitalized in ratebase and inter-company PBOP costs (i.e., for shared  
19 services) billed to and charged from SoCalGas' affiliate companies. In addition, the PBOPBA  
20 records an adjustment for the difference in PBOP costs embedded in authorized and actual  
21 depreciation along with the related return.

22 Pursuant to D.08-07-046, SoCalGas' 2008 GRC, the PBOPBA is effective January 1,  
23 2008 and will continue for the four-year GRC cycle through December 31, 2011. The PBOPBA

1 is addressed in SoCalGas' 2012 GRC A.10-12-006 which includes among other things the  
2 PBOP funding requirement and the continued amortization of the PBOPBA balance on an  
3 annual basis during the 2012 GRC period. Pending resolution of the PBOPBA in SoCalGas'  
4 2012 GRC application, a forecast of the PBOPBA balance as of December 31, 2012 is not  
5 presented in this application. As SoCalGas is amortizing an undercollected PBOPBA balance  
6 of \$17.1 million effective January 1, 2012, the same undercollected balance will be retained as a  
7 placeholder for the proposed amortization in rates over the 12-month period beginning January  
8 1, 2013. Once a Commission decision in SoCalGas' 2012 GRC application is issued, an  
9 updated forecast of the PBOPBA will be included in SoCalGas' October 2012 regulatory  
10 account balance update filing.

#### 11 **20. Research Royalty Memorandum Account (RRMA)**

12 The RRMA records all royalties, licensing fees, and other revenue attributable to  
13 SoCalGas' Research, Development, and Demonstration projects. The RRMA is forecast to be  
14 \$70,000 overcollected as of December 31, 2012 primarily due to royalties received in the 1<sup>st</sup>  
15 quarter of 2012.

#### 16 **21. Rewards and Penalties Balancing Account (RPBA)**

17 Pursuant to D.08-07-046, the RPBA was established to record rewards and penalties  
18 associated with the performance indicators adopted in SoCalGas' GRC post-test year  
19 mechanism. The RPBA also records rewards and penalties based on the incentive mechanism  
20 associated with SoCalGas' energy efficiency programs.

21 The RPBA is forecasted to have a residual undercollected balance of \$3,000 as of  
22 December 31, 2012 due to accumulated interest. Should the Commission authorize SoCalGas a  
23 reward or penalty related to its 2011 Employee Safety performance indicator or a reward or



1 penalty based on the incentive mechanism for its energy efficiency programs, a revised RPBA  
2 will be incorporated in the annual regulatory account balance update filing.

### 3 **22. Self-Generation Program Memorandum Account (SGPMA)**

4 Pursuant to D.02-02-026, D.01-09-012, D.01-07-028, D.01-03-073, and the CSI adopted  
5 in D.05-12-044 and D.06-01-024 and modified in D.06-12-033, the Commission authorized the  
6 regulatory accounting treatment of the incremental costs associated with SoCalGas' Self-  
7 Generation Incentive Program (SGIP) prescribed under AB 970. Self-generation, as defined in  
8 D.01-03-073, refers to distributed generation technologies, such as microturbines, small gas  
9 turbines, wind turbines, fuel cells, and internal combustion engines.

10 On December 15,2011, the Commission adopted D.11-12-030, which authorized an  
11 overall annual budget of \$83 million for the SGIP programs of Pacific Gas & Electric Company,  
12 Southern California Edison Company, San Diego Gas & Electric Company, and SoCalGas.  
13 SoCalGas' allocation of this overall annual budget is \$8 million. As a result, the updated  
14 forecast for the SGPMA reflects the \$8 million annual revenue requirement to be collected in  
15 2013 rates.

### 16 **V. ELIMINATION OF 2004-2007 PROGRAM CYCLE IN THE RESEARCH** 17 **DEVELOPMENT & DEMONSTRATION EXPENSE ACCOUNT (RDDEA)**

18 The purpose of the RDDEA is to record the difference between authorized costs in rates  
19 and actual costs associated with non-public interest research, development, and demonstration  
20 programs.

21 The 2004-2007 program cycle of the RDDEA is forecasted to have a residual  
22 overcollected balance of \$1,000 as of December 31, 2012. As SoCalGas no longer anticipates  
23 incurring any expense related to this program cycle, SoCalGas proposes to transfer the residual

1 balance to the CFCA and NFCA based on the allocation methodology consistent with this  
2 account and eliminate the 2004-2007 program cycle.

3 **VI. REFUND PLAN FOR CHARGES ACCUMULATED IN THE CURTAILMENT**  
4 **VIOLATION PENALTY ACCOUNT (CVPA)**

5 The purpose of the CVPA is to record actual revenues from the assessment of penalties  
6 for violation of curtailment. The CVPA is forecasted to have an overcollected balance of  
7 \$29,000 including accumulated interest as of December 31, 2012 as a result of penalties  
8 collected from SoCalGas' noncore customers from the curtailment event described below.

9 SoCalGas incurred a curtailment event beginning on February 3, 2011 and continuing  
10 through February 4, 2011.<sup>1</sup> As a result of this curtailment event, SoCalGas collected \$28,448 in  
11 gas curtailment charges from 13 noncore customers.

12 Consistent with the approach that was proposed and approved for SDG&E in D.09-11-  
13 006, SoCalGas proposes to refund the balance in the CVPA as a bill credit to those noncore  
14 customers who curtailed. Each customer's refund amount will be a pro-rata share of the balance  
15 based on its usage in a comparable non-curtailment period. SoCalGas believes that this is the  
16 most equitable approach, avoiding windfalls to customers that began service after the  
17 curtailment period and rewarding customers for complying with the curtailment order. The one-  
18 time bill credit will apply to noncore customers who were asked to curtail and complied with the  
19 curtailment order. Specifically, the credit will apply to customers who meet the following  
20 criteria: (1) had an active noncore account during the curtailment period; (2) were asked to  
21 curtail gas usage; and, (3) did not violate curtailment.

22 Each customer's refund will be based on their typical consumption when not curtailed.  
23 A customer's typical consumption is based on the monthly consumption for the same month that

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<sup>1</sup> SoCalGas filed AL 4207 on February 3, 2011 notifying the Commission of the curtailment event.

1 | it was curtailed, one year prior to consumption which would be February 2010. The customer's  
2 | monthly consumption as a percentage of the total consumption for all applicable customers will  
3 | determine the customer's pro-rate share of the CVPA balance.

4 |         This concludes my revised updated prepared direct testimony.

**APPENDIX A**  
**Southern California Gas Company - 2013 TCAP**  
**Update of Proposed Regulatory Account Balances <sup>1/</sup>**  
**(Over) / Under Collection**  
**Table 1**

Regulatory Account Name	1/1/2013 Original Proposed Amortization <sup>3/</sup> (MM\$)	1/1/2013 Updated Proposed Amortization <sup>4/</sup> (MM\$)	Revenue Requirement Change - Incr / (Decr) (MM\$)
1 Affiliate Transfer Fee Account (ATFA)	\$0.0	(\$0.3)	(\$0.3)
2 Backbone Transmission Balancing Account (BTBA)	\$9.3	\$17.7	\$8.4
3 Core Fixed Cost Account (CFCA)	\$44.6	(\$46.8)	(\$91.4)
4 Company Use Fuel for Load Balancing Account (CUFLBA)	\$0.0	\$0.3	\$0.3
5 Compressor Station Fuel & Power Balancing Account (CFPBA)	\$2.9	\$3.6	\$0.7
6 CSI Thermal Program Memorandum Account (CSITPMA)	\$3.5	\$3.3	(\$0.2)
7 Curtailment Violation Penalty Account (CVPA)	(\$0.0)	(\$0.0)	\$0.0
8 Economic Practicality Shortfall Memorandum Account (EPSMA)	\$0.2	\$0.5	\$0.3
9 Enhanced Oil Recovery Account (EORA)	\$0.2	(\$0.1)	(\$0.3)
10 Firm Access & Storage Rights Memorandum Account (FASRMA)	\$1.9	\$2.0	\$0.1
11 FERC Settlement Proceeds Memorandum Account (FSPMA)	\$0.0	(\$1.2)	(\$1.2)
12 Hazardous Substance Cost-Recovery Account (HSCRA)	\$4.5	\$7.7	\$3.2
13 Honor Rancho Storage Memorandum Account (HRSMA)	\$0.0	(\$0.0)	(\$0.0)
14 Integrated Transmission Balancing Account (ITBA) <sup>2/</sup>	\$1.6	(\$4.3)	(\$5.9)
15 Intervenor Award Memorandum Account (IAMA)	\$0.0	\$0.1	\$0.1
16 Montebello True-up Tracking Account (MTTA)	\$0.0	\$2.5	\$2.5
17 Noncore Fixed Cost Account (NFCA)	\$4.4	(\$1.4)	(\$5.8)
18 Noncore Storage Balancing Account (NSBA)	(\$25.1)	(\$23.3)	\$1.8
19 Pension Balancing Account (PBA)	\$64.5	\$74.4	\$9.9
20 Post-Retirement Benefits Other than Pensions Balancing Account (PBOPBA)	(\$10.3)	\$17.1	\$27.4
21 Research Development & Demonstration Expense Account (RDDEA) - 2004 - 2007 cycle	(\$0.0)	(\$0.0)	\$0.0
22 Research Royalty Memorandum Account (RRMA)	\$0.0	(\$0.1)	(\$0.1)
23 Rewards & Penalties Balancing Account (RPBA)	\$0.0	\$0.0	(\$0.0)
24 Self-Generation Program Memorandum Account (SGPMA)	\$0.0	\$8.0	\$8.0
Total	\$102.3	\$59.7	(\$42.6)

**Notes**

- 1/ Balances exclude franchise fees and uncollectibles.
- 2/ Balance reflects combined SoCalGas and SDG&E ITBA balances re-allocated between utilities based on cold year throughput.
- 3/ Original proposed amortization in Prepared Direct Testimony filed 11/1/ 2011.
- 4/ Updated proposed amortization based on recorded data through March 2012.