

Company: San Diego Gas & Electric Company (U 902 M)  
Proceeding: 2024 General Rate Case  
Application: A.22-05-016  
Exhibit: SDG&E-52

**PREPARED DIRECT TESTIMONY OF**  
**RYAN HOM**  
**(UPDATED RESULTS OF OPERATIONS REPORT)**

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



**January 2023**

## TABLE OF CONTENTS

### APPENDICES

Appendix A – Glossary of Terms .....	RH-A-1
Appendix B – Summary of Earnings Tables .....	RH-B-1
Appendix C – Base Margin .....	RH-C-1

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**PREPARED DIRECT TESTIMONY OF  
RYAN HOM  
(UPDATED RESULTS OF OPERATIONS REPORT)**

In compliance with the California Public Utilities Commission’s (Commission) Energy Rate Case Plan, adopted in Decision (D.) 07-07-004 and subsequently modified in D.14-12-025 and D.20-01-002, the purpose of this testimony is to “update the results of operations exhibit by January 15 to incorporate any and all tariff changes which become effective on January 1 following the filing of the application.”<sup>1</sup> For San Diego Gas & Electric Company’s (SDG&E) Test Year (TY) 2024 General Rate Case (GRC), this testimony updates the SDG&E Results of Operations (RO) report for revised Present Rate Revenues (PRR) effective January 1, 2023. Tariff changes were implemented for rates effective January 1, 2023 via Advice Letters (AL) 4129-E and 3149-G. This testimony shows that, relative to revenues at present rates calculated for TY 2024 using rates effective as of January 1, 2023, the combined base margin revenue<sup>2</sup> increase requested in the TY 2024 GRC is \$462 million. Generally, updates to base margin put forth in this PRR testimony reflect recorded values related to Commission directives, regulatory filings (e.g., advice letters), or the timing of when projects become operational. The result may be an increase or decrease when compared to forecasted values. The revised PRR RO calculations in this testimony reflect authorized base margin revenues for the 2023 annual post-test year rate adjustment adopted by the Commission in D.19-09-051 and D.21-05-003 (collectively, SDG&E’s TY 2019 GRC Decisions), Cost of Capital approved in D.22-12-031<sup>3</sup>, rate recovery of Customer Information Service Balancing Account (CISBA) in AL 4129-E/3149-G, Tree Trimming Balancing Account in AL 4129-E, Vehicle Grid Integration (VGI), Tax Private Letter Ruling AL in AL 4129-E/3149-G, and Pipeline Safety Enhancement Plan (PSEP) amortizations identified in Exhibit SDG&E-43-R (Regulatory Accounts testimony).

Relative to revenues at present rates calculated for TY 2024 using rates effective as of January 1, 2023, the electric department base margin revenue increase, which includes Electric Distribution and Generation components, is \$317 million (including \$297 million for Electric

---

<sup>1</sup> D.07-07-004, Appendix A at A-30, paragraph 3.

<sup>2</sup> Revenue requirement is made up of two revenue components: base margin revenues, collected in customer rates, and miscellaneous revenues, collected in fees.

<sup>3</sup> The 2024 test-year revenue requirement will be updated to reflect the Rate of Return approved in D.21-12-031 at the next available opportunity.

1 Distribution, and \$20 million for Generation). For the gas department, the increase is \$145  
2 million. Appendix B of this testimony includes the updated Summary of Earnings tables to show  
3 the comparison between the revised PRR using the 2023 effective rates (2024 Present Rates) and  
4 the TY 2024 revenue requirement (2024 Proposed Rates).

5 On October 28, 2022, SDG&E filed a motion seeking leave to submit supplemental and  
6 revised testimony related to wildfire mitigation activities. SDG&E proposes to reduce its  
7 planned undergrounding mileage in 2023 and 2024, and progressively increase undergrounding  
8 scope and scale through 2027. SDG&E also proposes reductions in the Generator Grant  
9 Program. The revenue requirement used in the Summary of Earnings testimony of Ryan Hom  
10 (Exhibit SDG&E-44-R) submitted in August has been updated here to reflect the supplemental  
11 and revised testimony related to wildfire mitigation activities. A ruling on the motion to submit  
12 the supplemental and revised testimony is pending.

13

REVISED (August 2022)	UPDATED (January 2023)
Exhibit (SDG&E-44-R), Appendix B, Table RH – 1 Combined Summary of Earnings	Exhibit (SDG&E-52), Appendix B, Table RH – 1U Combined Summary of Earnings
Exhibit (SDG&E-44-R), Appendix B, Table RH – 2, Electric Summary of Earnings	Exhibit (SDG&E-52), Appendix B, Table RH – 2U, Electric Summary of Earnings
Exhibit (SDG&E-44-R), Appendix B, Table RH – 5, Gas Summary of Earnings	Exhibit (SDG&E-52), Appendix B, Table RH – 5U, Gas Summary of Earnings

14 Appendix C of my testimony presents details of the base margin changes.

15 The updated line items for Table RH – 1U, Combined Summary of Earnings are as  
16 follows:  
17

Line No.	Description	Present Rates (2024\$) Updated (thousands of dollars)
1	Base Margin	\$2,516,071
19	Uncollectibles	\$5,510
20	Franchise Fees	\$80,006
23	Taxes on Income	\$22,306
26	Return	\$350,182
27	Rate Base	\$8,787,852
28	Rate of Return	3.98%

1 The updated line items for Table RH – 2U, Electric Summary of Earnings are as follows:

Line No.	Description	Present Rates (2024\$) Updated (thousands of dollars)
1	Base Margin	\$2,000,658
19	Uncollectibles	\$4,381
20	Franchise Fees	\$69,169
23	Taxes on Income	\$28,608
26	Return	\$278,600
27	Rate Base	\$6,522,543
28	Rate of Return	4.27%

2 The updated line items for Table RH – 5U, Gas Summary of Earnings are as follows:

Line No.	Description	Present Rates (2024\$) Updated (thousands of dollars)
1	Base Margin	\$515,413
19	Uncollectibles	\$1,129
20	Franchise Fees	\$10,838
23	Taxes on Income	(\$6,302)
26	Return	\$71,582
27	Rate Base	\$2,265,308
28	Rate of Return	3.16%

3 I have updated the RO model to reflect the changes discussed in this testimony.

1 **WITNESS QUALIFICATIONS**

2 My name is Ryan Hom. My business address is 555 West Fifth Street, Los Angeles,  
3 California, 90013-1011. I am currently employed by SoCalGas as a Manager in the GRC  
4 Financial Analysis group responsible for developing the revenue requirement forecasts for both  
5 SDG&E and SoCalGas.

6 I received a Bachelor of Science Degree in Economics and a minor in Management from  
7 University California, Irvine. I was first employed by SoCalGas in 2006 and have held various  
8 positions in the Customer Services, Regulatory Affairs and Accounting and Finance areas of the  
9 Company.

10 I have previously testified before the Commission.

## **APPENDIX A**

### **GLOSSARY OF TERMS**

**APPENDIX A**  
**GLOSSARY OF TERMS**

<b><u>ACRONYM</u></b>	<b><u>DEFINITION</u></b>
AL	Advice Letter
CISBA	Customer Information Service Balancing Account
Commission	California Public Utilities Commission
D.	Decision
GRC	General Rate Case
PRR	Present Rate Revenues
PSEP	Pipeline Safety Enhancement Plan
RO	Results of Operations
SDG&E	San Diego Gas & Electric Company
TY	Test Year
VGI	Vehicle Grid Integration



**APPENDIX B**  
**SUMMARY OF EARNINGS TABLES**

Table RH-1U  
SAN DIEGO GAS & ELECTRIC COMPANY  
TEST YEAR 2024  
COMBINED SUMMARY OF EARNINGS  
(Thousands of Dollars)

Line No.	Description	2024 Present Rates (2024\$)	2024 Proposed Rates (2024\$)
1	Base Margin	2,516,071	2,958,773
2	Miscellaneous Revenues	17,471	36,749
3	Revenue Requirement	2,533,542	2,995,523
<u>OPERATING &amp; MAINTENANCE EXPENSES</u>			
4	Distribution	189,374	189,374
5	Wildfire Mitigation & Vegetation Management	168,955	168,955
6	Gas System	13,669	13,669
7	Gas Transmission	5,103	5,103
8	Generation	40,809	40,809
9	Procurement	9,376	9,376
10	Customer Services	102,205	102,205
11	Information Technology & Cybersecurity	126,795	126,795
12	Support Services	121,782	121,782
13	Administrative and General	692,979	692,979
14	Subtotal (2021\$)	1,471,046	1,471,046
15	Shared Services Adjustments	(27,039)	(27,039)
16	Reassignments	(242,363)	(242,363)
17	FERC Transmission Costs	(116,798)	(116,798)
18	Escalation	43,335	43,335
19	Uncollectibles	5,510	6,480
20	Franchise Fees	80,006	93,391
21	Total O&M (2024\$)	1,213,698	1,228,052
22	Depreciation & Amortization	758,651	758,651
23	Taxes on Income	22,306	155,810
24	Taxes Other Than on Income	188,705	188,705
25	Total Operating Expenses	2,183,360	2,331,218
26	Return	350,182	664,305
27	Rate Base	8,787,852	8,798,735
28	Rate of Return	3.98%	7.55%

Table RH-2U  
SAN DIEGO GAS & ELECTRIC COMPANY  
TEST YEAR 2024  
ELECTRIC SUMMARY OF EARNINGS  
(Thousands of Dollars)

Line No.	Description	2024 Present Rates (2024\$)	2024 Proposed Rates (2024\$)
1	Base Margin	\$ 2,000,658	\$ 2,301,559
2	Miscellaneous Revenues	14,635	30,376
3	Revenue Requirement	\$ 2,015,293	\$ 2,331,935
<u>OPERATING &amp; MAINTENANCE EXPENSES</u>			
4	Distribution	145,953	145,953
5	Wildfire Mitigation & Vegetation Management	165,122	165,122
6	Gas System	418	418
7	Gas Transmission	-	-
8	Generation	40,809	40,809
9	Procurement	9,376	9,376
10	Customer Services	63,348	63,348
11	Information Technology & Cybersecurity	92,738	92,738
12	Support Services	94,678	94,678
13	Administrative and General	580,785	580,785
14	Subtotal (2021\$)	1,193,227	1,193,227
15	Shared Services Adjustments	(30,845)	(30,845)
16	Reassignments	(188,399)	(188,399)
17	FERC Transmission Costs	(116,798)	(116,798)
18	Escalation	30,467	30,467
19	Uncollectibles (0.219%)	4,381	5,040
20	Franchise Fees (3.4573%)	69,169	79,572
21	Total O&M (2024\$)	961,203	972,265
22	Depreciation & Amortization	604,568	604,568
23	Taxes on Income	28,608	119,745
24	Taxes Other Than on Income	142,314	142,314
25	Total Operating Expenses	\$ 1,736,693	\$ 1,838,891
26	Return	278,600	493,044
27	Rate Base	6,522,543	6,530,382
28	Rate of Return	4.27%	7.55%

Table RH-5U  
SAN DIEGO GAS & ELECTRIC COMPANY  
TEST YEAR 2024  
GAS SUMMARY OF EARNINGS  
(Thousands of Dollars)

Line No.	Description	2024 Present Rates (2024\$)	2024 Proposed Rates (2024\$)
1	Base Margin	\$ 515,413	\$ 657,215
2	Miscellaneous Revenues	2,836	6,373
3	Revenue Requirement	\$ 518,249	\$ 663,588
<u>OPERATING &amp; MAINTENANCE EXPENSES</u>			
4	Distribution	43,421	43,421
5	Wildfire Mitigation & Vegetation Management	3,833	3,833
6	Gas System	13,251	13,251
7	Gas Transmission	5,103	5,103
8	Generation	-	-
9	Procurement	-	-
10	Customer Services	38,857	38,857
11	Information Technology & Cybersecurity	34,056	34,056
12	Support Services	27,103	27,103
13	Administrative and General	112,194	112,194
14	Subtotal (2021\$)	277,819	277,819
15	Shared Services Adjustments	3,806	3,806
16	Reassignments	(53,964)	(53,964)
17	FERC Transmission Costs		
18	Escalation	12,868	12,868
19	Uncollectibles (0.219%)	1,129	1,439
20	Franchise Fees (2.1027%)	10,838	13,819
21	Total O&M (2024\$)	252,495	255,787
22	Depreciation & Amortization	154,083	154,083
23	Taxes on Income	(6,302)	36,065
24	Taxes Other Than on Income	46,391	46,391
25	Total Operating Expenses	\$ 446,667	\$ 492,327
26	Return	71,582	171,261
27	Rate Base	2,265,308	2,268,353
28	Rate of Return	3.16%	7.55%

**APPENDIX C**  
**BASE MARGIN**

**San Diego Gas & Electric Company**  
**Test Year 2024**  
**Electric Present Rate Revenue (PRR)**  
**(Millions of Dollars)**

<u>1/1/2022 Estimated PRR (Revised Filing)</u>	Electric Dist	Generation	Total Electric
Base margin w/o FF&U	1,589	203	1,792
FF&U	59	8	66
Base margin	1,648	210	1,858
<hr/>			
<u>1/1/2023 Estimated PRR (Revised Filing)</u>	Electric Dist	Generation	Total Electric
Base margin w/o FF&U	1,749	204	1,953
FF&U	64	8	72
Base margin	1,813	212	2,025
<hr/>			
<u>1/1/2023 PRR (PRR Filing)</u>	Electric Dist	Generation	Total Electric
Base margin w/o FF&U	1,725	208	1,932
FF&U	61	8	68
Base margin	1,786	215	2,001

**San Diego Gas & Electric Company**  
**Test Year 2024**  
**Gas Present Rate Revenue (PRR)**  
**(Millions of Dollars)**

<u>1/1/2022 Estimated PRR (Revised Filing)</u>	<u>Gas</u>
Base margin w/o FF&U	455
FF&U	10
Base margin	<u>465</u>
<u>1/1/2023 Estimated PRR (Revised Filing)</u>	<u>Gas</u>
Base margin w/o FF&U	494
FF&U	11
Base margin	<u>505</u>
<u>1/1/2023 PRR (PRR Filing)</u>	<u>Gas</u>
Base margin w/o FF&U	505
FF&U	10
Base margin	<u>515</u>