Application No: A.13-12-~~xxx~~013
Exhibit No.:
Witness: Jason Bonnett ~~Joseph Mock~~

Application of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) For Authority To Recover North-South Project Revenue Requirement In Customer Rates And For Approval Of Related Cost Allocation And Rate Design Proposals	A.13-12-~~xxx~~013 (Filed December 20, 2013)

UPDATED DIRECT TESTIMONY OF

JASON BONNETT~~JOSEPH MOCK~~

SAN DIEGO GAS & ELECTRIC COMPANY

AND

SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

November 12, 2014~~December 20, 2013~~

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UPDATED DIRECT TESTIMONY OF ~~JOSEPH MOCK~~JASON BONNETT

I. PURPOSE

The purpose of my direct testimony on behalf of Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) (collectively, Utilities) is to provide illustrative rate impacts for the proposed North-South Project based on the incremental transportation revenue requirements included in this application.

II. RATE IMPACTS

The North-South Project (Project) proposed by the Utilities in this application includes constructing new backbone transmission pipeline between the Adelanto and Moreno Stations ~~and the Moreno and Whitewater Stations,~~ as well as rebuilding the Adelanto Compressor Station. The details of the Project are provided in the testimony of Mr. Buczkowski, while Mr. Bisi notes that the Project enhances the reliability and flexibility of the transmission system. The Utilities propose[1] to allocate the incremental gas transportation revenue requirements associated with the Project to its Backbone Transportation Service (BTS) rates.[2] The BTS rates, which are designed to recover the costs of the backbone transmission system, can be likened to postage-stamp rates. Effectively, customers pay a common rate to deliver gas along the backbone transmission system from any receipt point to the SoCalGas Citygate. From there, customers may then deliver gas to their end-use account at the appropriate "Citygate-to-meter" transportation rate. Alternatively, customers can purchase gas at the Citygate without directly purchasing backbone capacity.

[1] Unless modified in a future Cost Allocation Proceeding. At SoCalGas, cost allocation proceedings, or TCAPs, are currently on three year cycles, with the most recently filed proceeding, A.11-11-002, approved in D.14-06-007~~awaiting a final decision from the Commission~~. There should be at least one additional TCAP proceeding before the estimated in-service date of 2019 for the North-South Project.

[2] BTS is available on both a firm and interruptible basis. Firm service is available under either a Straight Fixed Variable (i.e. 100% reservation) charge or Modified Fixed Variable (i.e. part reservation, part volumetric) charge. Interruptible service charges are 100% volumetric.

Table 1 below provides the illustrative BTS Straight Fixed Variable (SFV) rate impact of the Project.[3] The rates shown assume the forecasted revenue requirements included in Mr. Yee's testimony.[4] As Mr. Yee explains, the revenue requirements to be ultimately collected in rates will be trued-up for actual costs at the conclusion of the Project. The first year's revenue requirement, if placed in rates on a date other than January 1, will be adjusted to ensure it is fully collected over the remaining months in the year. ~~For example, if the Project is placed into service on November 30, 2019 then the revenue requirement in rates will be adjusted for the one month remaining in 2019.~~ Mr. Ahmed's testimony proposes to establish the North-South Infrastructure Memorandum Account (NSIMA), which is also proposed to be allocated to the BTS rate.

TABLE 1
Illustrative BTS Revenue and Rate Impacts

	Current BTS Revenue Requirement $ Millions	North-South Project Revenue Requirement $ Millions	Total BTS Revenue Requirement $ Millions	Current BTS SFV Rate $/dth/d	North-South Project BTS Rate Impact $/dth/d	Total BTS SFV Rate $/dth/d
	A	B	C = A + B	D	E	F = D + E
202~~019~~	$~~149.6~~164.4	$~~71.3*~~133.6	$~~220.9~~298.0	$0.~~138~~154	$0.~~066~~125	$0.~~203~~279
202~~10~~	$~~149.6~~164.4	$~~125.0~~120.5	$~~274.6~~284.9	$0.~~138~~154	$0.~~115~~113	$0.~~253~~267
202~~21~~	$~~149.6~~164.4	$~~117.6~~118.7	$~~267.2~~283.1	$0.~~138~~154	$0.~~108~~111	$0.~~246~~265
202~~32~~	$~~149.6~~164.4	$~~113.7~~114.4	$~~263.3~~278.8	$0.~~138~~154	$0.~~105~~107	$0.~~242~~261
202~~43~~	$~~149.6~~164.4	$~~109.9~~110.5	$~~259.5~~274.9	$0.~~138~~154	$0.~~101~~104	$0.~~239~~258

~~* 2019 Revenue Requirement of $5.9MM is grossed-up to $71.3 million in order to recover the amount over 1 month due to the assumed in-service date of November 30, 2019.~~

Customers who directly purchase firm BTS capacity from SoCalGas will be impacted as shown in Table 1.[5] However, most end-use customers do not directly pay the BTS rate. Core customers indirectly pay for BTS through the core procurement tariff. Core Aggregation

[3] The rate impact is calculated using the same BTS denominator of 2,92~~478~~ Mdth/day that is used for the current BTS rate. This denominator is updated annually to reflect actual BTS capacity utilization.
[4] Table 1 shows the rate impact for only the first five years after the estimated in-service date of the Project. As Mr. Yee's testimony shows, the Project will have corresponding revenue requirements beyond this period.
[5] Short term firm as well as interruptible service is available at market based prices up to the full tariffed rates listed in Table 1.

Transportation and noncore customers who procure their gas commodity from a marketer or at the Citygate indirectly pay for BTS as it is a likely cost of business for market participants providing gas commodity to them. Since these customers' transportation (i.e. "Citygate-to-meter") rates are not impacted by this proposal, an alternative method of illustrating the rate impact of the Project on them is to observe bundled rate impacts that include a proxy gas commodity price. The proposed peak BTS rate impact (Year 2020) from Table 1 of $0.~~115~~ 125 per decatherm (converted to $0.013~~1~~ per therm for Table 2) is added to these bundled rates to approximate the Project's impact. These illustrative rates are provided below in Table 2.[6]

TABLE 2
Illustrative Bundled Rate Impacts of North-South Project

	Current Class-Average Transportation Rates*	Gas Commodity Price**	Bundled Rate/Bill	North-South Project BTS Rate Impact***	% impact on bundled rates/bills
	A	B	C = A+B	D	E = D / C
SoCalGas					
Residential $/th	$0.663 ~~$0.587~~	$0.488 ~~$0.409~~	$1.151 ~~$0.997~~	$0.013 ~~$0.011~~	1.1%~~1.2%~~
Average Residential Bill $/month (39 th)	$24.53 ~~$22.09~~	$18.94 ~~$15.88~~	$43.47 ~~$37.97~~	$0.488 ~~$0.45~~	1.1%~~1.2%~~
Core C&I $/th	$0.306 ~~$0.307~~	$0.488 ~~$0.409~~	$0.795 ~~$0.716~~	$0.013 ~~$0.011~~	1.6%~~1.6%~~
NGV $/th	$0.106 ~~$0.077~~	$0.488 ~~$0.409~~	$0.594 ~~$0.486~~	$0.013 ~~$0.011~~	2.1%~~2.4%~~
Noncore C&I - Distribution $/th	$0.067 ~~$0.075~~	$0.488 ~~$0.409~~	$0.555 ~~$0.485~~	$0.013 ~~$0.011~~	2.3%~~2.4%~~
Noncore C&I - TLS $/th	$0.014 ~~$0.026~~	$0.488 ~~$0.409~~	$0.503 ~~$0.435~~	$0.013 ~~$0.011~~	2.5%~~2.6%~~
Electric Generation - Distribution $/th	$0.038 ~~$0.039~~	$0.488 ~~$0.409~~	$0.527 ~~$0.449~~	$0.013 ~~$0.011~~	2.4%~~2.6%~~
Electric Generation - TLS $/th	$0.013 ~~$0.025~~	$0.488 ~~$0.409~~	$0.501 ~~$0.434~~	$0.013 ~~$0.011~~	2.5%~~2.6%~~
SDG&E					
Residential $/th	$0.802 ~~$0.779~~	$0.489 ~~$0.410~~	$1.291 ~~$1.189~~	$0.013 ~~$0.011~~	1.0%~~1.0%~~
Average Residential Bill $/month (28 th)	$20.66 ~~$20.66~~	$13.51 ~~$11.32~~	$34.17 ~~$31.98~~	$0.350 ~~$0.32~~	1.0%~~1.0%~~
Core C&I $/th	$0.243 ~~$0.276~~	$0.489 ~~$0.410~~	$0.732 ~~$0.686~~	$0.013 ~~$0.011~~	1.7%~~1.7%~~
NGV $/th	$0.121 ~~$0.075~~	$0.489 ~~$0.410~~	$0.610 ~~$0.485~~	$0.013 ~~$0.011~~	2.0%~~2.4%~~
Noncore C&I - Distribution $/th	$0.063 ~~$0.155~~	$0.489	$0.552	$0.013	2.3%~~2.0%~~

[6] Table 2 reflects a direct impact to end-use customers based on the proposed increase in the BTS rate, and is for discussion purposes only. Since the BTS rate and the Gas Commodity price are market based rates, each customer's impact will be unique to their situation.

			~~$0.410~~	~~$0.564~~	~~$0.011~~	
19	Noncore C&I - TLS $/th	$0.022 ~~$0.026~~	$0.489 ~~$0.410~~	$0.510 ~~$0.436~~	$0.013 ~~$0.011~~	2.5%~~2.6%~~
20	Electric Generation - Distribution $/th	$0.041 ~~$0.038~~	$0.489 ~~$0.410~~	$0.530 ~~$0.448~~	$0.013 ~~$0.011~~	2.4%~~2.6%~~
21	Electric Generation - TLS $/th	$0.013 ~~$0.023~~	$0.489 ~~$0.410~~	$0.502 ~~$0.433~~	$0.013 ~~$0.011~~	2.5%~~2.7%~~

* Transportation rates effective July 1, 2014, as approved in AL 4586 at SoCalGas and AL 2302-G at SDG&E.~~* Transportation rates effective September 1, 2013, as approved in AL 4497-G at SoCalGas and AL 2198-G-A at SDG&E.~~
** Gas price is the prior twelve month average of the core procurement tariff (November 2013 - October 2014).~~** Gas price is the prior twelve month average of the core procurement tariff (January 2013 - December 2013).~~
*** This is the impact to the BTS Tariff. Individual customers may have impacts that differ due to how they purchase gas.

III. QUALIFICATIONS

My name is Jason Bonnett. My business address is 8330 Century Park Court, San Diego, California, 92123-1530. I am employed by SDG&E as a Principal Regulatory Economic Advisor in the CPUC/FERC Gas Regulatory Affairs Department of SDG&E and SoCalGas.

I hold a Bachelor of Science degree in Business Administration from Mankato State University, a Juris Doctorate from Hamline University School of Law, and a Master of Arts in Public Administration from Hamline University. I have been employed by SDG&E since 2007.

Prior to joining SDG&E, I was employed by the Minnesota Department of Commerce, Energy Division, as a Public Utilities Rates Analyst from May 1998 through July 2007.

~~My name is Joseph Mock. My business address is 555 West Fifth Street, Los Angeles, California, 90013-1011. I am employed by the SoCalGas as a Principal Regulatory Economic Advisor in the Regulatory Affairs Department for SoCalGas and SDG&E.~~

~~I hold a Bachelor of Science degree in Mechanical Engineering and a Master of Business Administration degree, both from Loyola Marymount University in Los Angeles, California. I have been employed by SoCalGas since 2006; first as an Account Executive in Commercial & Industrial Services, and also as an Engineer in Gas Transmission Planning. I have been in my current position since November, 2010.~~

This concludes my updated prepared direct testimony.