

Application No: A.13-12-xxx
Exhibit No.: _____
Witness: 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
(Filed December 20, 2013)

DIRECT TESTIMONY OF

JOSEPH MOCK

SAN DIEGO GAS & ELECTRIC COMPANY

AND

SOUTHERN CALIFORNIA GAS COMPANY

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

December 20, 2013

TABLE OF CONTENTS

I. PURPOSE1

II. RATE IMPACTS1

III. QUALIFICATIONS.....4

1 **DIRECT TESTIMONY OF JOSEPH MOCK**

2 **I. PURPOSE**

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

7 **II. RATE IMPACTS**

8 The North-South Project (Project) proposed by the Utilities in this application includes
9 constructing new backbone transmission pipeline between the Adelanto and Moreno Stations and
10 the Moreno and Whitewater Stations, as well as rebuilding the Adelanto Compressor Station.

11 The details of the Project are provided in the testimony of Mr. Buczkowski, while Mr. Bisi notes
12 that the Project enhances the reliability and flexibility of the transmission system. The Utilities
13 propose¹ to allocate the incremental gas transportation revenue requirements associated with the
14 Project to its Backbone Transportation Service (BTS) rates.² The BTS rates, which are designed
15 to recover the costs of the backbone transmission system, can be likened to postage-stamp rates.
16 Effectively, customers pay a common rate to deliver gas along the backbone transmission system
17 from any receipt point to the SoCalGas Citygate. From there, customers may then deliver gas to
18 their end-use account at the appropriate “Citygate-to-meter” transportation rate. Alternatively,
19 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, 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.

1 Table 1 below provides the illustrative BTS Straight Fixed Variable (SFV) rate impact of
 2 the Project.³ The rates shown assume the forecasted revenue requirements included in Mr. Yee’s
 3 testimony.⁴ As Mr. Yee explains, the revenue requirements to be ultimately collected in rates
 4 will be trued-up for actual costs at the conclusion of the Project. The first year’s revenue
 5 requirement, if placed in rates on a date other than January 1, will be adjusted to ensure it is fully
 6 collected over the remaining months in the year. For example, if the Project is placed into
 7 service on November 30, 2019 then the revenue requirement in rates will be adjusted for the one
 8 month remaining in 2019. Mr. Ahmed’s testimony proposes to establish the North-South
 9 Infrastructure Memorandum Account (NSIMA), which is also proposed to be allocated to the
 10 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
2019	\$149.6	\$71.3*	\$220.9	\$0.138	\$0.066	\$0.203
2020	\$149.6	\$125.0	\$274.6	\$0.138	\$0.115	\$0.253
2021	\$149.6	\$117.6	\$267.2	\$0.138	\$0.108	\$0.246
2022	\$149.6	\$113.7	\$263.3	\$0.138	\$0.105	\$0.242
2023	\$149.6	\$109.9	\$259.5	\$0.138	\$0.101	\$0.239

* 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.

11 Customers who directly purchase firm BTS capacity from SoCalGas will be impacted as
 12 shown in Table 1.⁵ However, most end-use customers do not directly pay the BTS rate. Core
 13 customers indirectly pay for BTS through the core procurement tariff. Core Aggregation

³ The rate impact is calculated using the same BTS denominator of 2,978 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.

1 Transportation and noncore customers who procure their gas commodity from a marketer or at
 2 the Citygate indirectly pay for BTS as it is a likely cost of business for market participants
 3 providing gas commodity to them. Since these customers' transportation (i.e. "Citygate-to-
 4 meter") rates are not impacted by this proposal, an alternative method of illustrating the rate
 5 impact of the Project on them is to observe bundled rate impacts that include a proxy gas
 6 commodity price. The proposed peak BTS rate impact (Year 2020) from Table 1 of \$0.115 per
 7 decatherm (converted to \$0.011 per therm for Table 2) is added to these bundled rates to
 8 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
1 <u>SoCalGas</u>					
2 Residential \$/th	\$0.587	\$0.409	\$0.997	\$0.011	1.2%
3 Average Residential Bill \$/month (39 th)	\$22.09	\$15.88	\$37.97	\$0.45	1.2%
4 Core C&I \$/th	\$0.307	\$0.409	\$0.716	\$0.011	1.6%
5 NGV \$/th	\$0.077	\$0.409	\$0.486	\$0.011	2.4%
6					
7 Noncore C&I - Distribution \$/th	\$0.075	\$0.409	\$0.485	\$0.011	2.4%
8 Noncore C&I - TLS \$/th	\$0.026	\$0.409	\$0.435	\$0.011	2.6%
9 Electric Generation - Distribution \$/th	\$0.039	\$0.409	\$0.449	\$0.011	2.6%
10 Electric Generation - TLS \$/th	\$0.025	\$0.409	\$0.434	\$0.011	2.6%
11					
12 <u>SDG&E</u>					
13 Residential \$/th	\$0.779	\$0.410	\$1.189	\$0.011	1.0%
14 Average Residential Bill \$/month (28 th)	\$20.66	\$11.32	\$31.98	\$0.32	1.0%
15 Core C&I \$/th	\$0.276	\$0.410	\$0.686	\$0.011	1.7%
16 NGV \$/th	\$0.075	\$0.410	\$0.485	\$0.011	2.4%
17					
18 Noncore C&I - Distribution \$/th	\$0.155	\$0.410	\$0.564	\$0.011	2.0%
19 Noncore C&I - TLS \$/th	\$0.026	\$0.410	\$0.436	\$0.011	2.6%
20 Electric Generation - Distribution \$/th	\$0.038	\$0.410	\$0.448	\$0.011	2.6%
21 Electric Generation - TLS \$/th	\$0.023	\$0.410	\$0.433	\$0.011	2.7%

* 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 (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.

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.

1 **III. QUALIFICATIONS**

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

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

10 This concludes my prepared direct testimony.