

Exhibit No: _____
Application: A.19-02-015
Witness: Reginald Austria
Chapter: 9

PREPARED REBUTTAL TESTIMONY OF
REGINALD AUSTRIA
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY
AND SAN DIEGO GAS & ELECTRIC COMPANY
(REGULATORY ACCOUNTING)

October 31, 2019

1 **CHAPTER 9**

2 **PREPARED REBUTTAL TESTIMONY OF REGINALD AUSTRIA**

3 **(REGULATORY ACCOUNTING)**

4 **I. PURPOSE**

5 The purpose of my prepared rebuttal testimony on behalf of Southern California Gas
6 Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E, and jointly herein “the
7 Utilities”) is to address intervenor testimony regarding the proposed Renewable Natural Gas
8 (RNG) Tariff program. My testimony focuses on a recommendation from the Environmental
9 Defense Fund (EDF) regarding accounting treatment for Lost and Unaccounted For (LUAF) gas.

10 **II. LUAF GAS**

11 EDF’s Direct Testimony recommends the following:

12 ...the same standards of “lost and unaccounted for gas” that the Commission
13 established in D.19-08-020 should be applied to RNG. In this Decision, the
14 Commission rationalized that since the gas utilities received money to prevent
15 leaks from pipes, that they should not also be allowed to recover money from
16 customers for leaked gas that was “lost and accounted for.” The same principles
17 should apply to leaked RNG, and the ratemaking treatment outlined in Witness
18 Austria’s testimony should be augmented to reflect the standard developed in
19 D.19-08-020. Specifically, the Balancing Account being requested should be
20 specified to not include any recovery for “lost and unaccounted for gas”
21 consistent with D.19-08-020.¹

22 The Utilities disagree with EDF’s recommendation that the balancing account requested
23 in this application should not include recovery for LUAF consistent with Decision (D.)19-08-
24 020. All LUAF, as defined in D.19-08-020, will continue to be recovered under the Utilities’
25 current accounting practice where LUAF costs are recovered and balanced in Commission
26 authorized fixed cost balancing accounts. As such, LUAF costs including methane emissions
27 which is a component of LUAF, will not be recorded in the Utilities’ proposed RNG balancing

¹ Direct Testimony of Michael Colvin on behalf of EDF, p. 5.

1 accounts. However, LUAF associated with methane emissions due to leakage will be subject to
2 a rate recovery limitation in 2025, pursuant to Ordering Paragraph 5 of D.19-08-020:

3 Southern California Gas (SoCalGas) is directed to achieve a 20 percent emissions
4 reduction below 2015 baseline levels beginning in 2025, to ensure that
5 expenditures authorized to implement its Compliance Plans achieve the intended
6 emission reductions. If the Joint Staff Report for 2025 results do not reflect a 20
7 percent reduction from SoCalGas' 2015 baseline emission, SoCalGas must file a
8 Tier 2 Advice Letter within 60 days from the Joint Staff Report issuance date:

- 9 a. The Advice Letter must identify the amount of methane emissions above
10 the 20 percent reduction from its 2015 baseline emissions.
- 11 b. The Advice Letter must include the methodology and calculation by which
12 it will remove any rate recovery for methane emissions exceeding the 20
13 percent reduction.
- 14 c. SoCalGas will continue to file annual Tier 2 Advice Letters until such
15 time that the 20 percent reduction is met.
- 16 d. Except as provided herein, SoCalGas' rate recovery calculations shall
17 continue to be subject to the factors approved in the utility's most recent
18 General Rate Case or Cost Allocation Proceeding.

19 As such, the Utilities' proposed costs and revenues to be balanced in the RNG balancing
20 accounts are appropriate, and rate recovery adjustments associated with methane emissions will
21 be provided via an advice letter process beginning in 2025 consistent with D.19-08-020. These
22 rate adjustments will be recorded in the Utilities' applicable fixed cost balancing accounts.

23 This concludes my prepared rebuttal testimony.