Application of Southern California Gas Company (U 904G) for authority to update its gas revenue requirement and base rates effective on January 1, 2012.

Application 10-12-____ Exhibit No.: (SCG-40)

PREPARED DIRECT TESTIMONY OF GARY LENART ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DECEMBER 2010



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PREPARED DIRECT TESTIMONY OF GARY LENART

ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY (REVENUES AT PRESENT AND PROPOSED RATES)

I. PURPOSE OF TESTIMONY

The purpose of my testimony is to: (1) present a summary of the gas transportation revenue and rate changes that would result from Southern California Gas Company's ("SCG's") Test Year 2012 proposals in this proceeding, and (2) present estimates of residential customer bill impacts.

II. SUMMARY OF PRESENT AND PROPOSED GAS TRANSPORTATION REVENUES AND RATES

The following tables show current and proposed gas transportation revenues and rates by major customer class. SCG's proposals in this proceeding would result in changes to total authorized base margin for transportation rates (see testimony of Deborah A. Hiramoto, Exhibit SCG-38), and the balances for amortization to certain regulatory accounts (see testimony of Greg Shimansky, Exhibit SCG-34). Rates and revenues for other components of the bundled rates, including commodity and Public Purpose Program ("PPP") surcharge, would remain unchanged based on this application and, therefore, have been held constant for the present versus proposed comparison.

The transportation rates and revenues reflect the allocation of costs and sales volumes adopted in SCG's most recent Biennial Cost Allocation Proceeding decision and implemented on February 1, 2010.¹ For illustrative purposes, the commodity price and PPP surcharge reflected in these tables also reflect the rates in effect on February 1, 2010.²

¹ See Decision ("D.") 09-11-006. Transportation rates and revenues reflect adjustments for System Integration, Firm Access Rights, and Sempra-wide rate adjustments.

² SCG Advice Letter Nos. 4069 and 4032 for the commodity and PPP charges, respectively.

TABLE SCG-GL-1

Southern California Gas Company Summary of Gas Revenue by Major Customer Class 2012 General Rate Case Application (\$ millions)

		Total Revenues		Change			
Line No.	Customer Class	Present	Proposed	\$	%	Line No.	
1	Residential	\$2,880	\$3,098	\$218	7.6%	1	
2	Core Commercial & Industrial	\$923	\$975	\$52	5.6%	2	
3	Other	\$93	\$95	\$2	2.1%	3	
4	Total Core	\$3,896	\$4,168	\$272	7.0%	4	
5	Noncore C&I	\$122	\$136	\$15	12.2%	5	
6	Sempra-Wide Electric Generation	\$67	\$80	\$13	20.3%	6	
7	Total Retail Noncore	\$188	\$216	\$28	15.1%	7	
8	Wholesale	\$15	\$18	\$3	21.6%	8	
9	Other	\$70	\$75	\$5	6.5%	9	
10	SYSTEM TOTALS	\$4,170	\$4,478	\$308	7.4%	10	

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TABLE SCG-GL-2

Southern California Gas Company Summary of Gas Class Average Bundled Rates by Major Customer Class 2012 General Rate Case Application (\$/therm)

		Total Revenues		Change			
Line No.	Customer Class	Present	Proposed	\$	%	Line No.	
1	Residential	\$1.15935	\$1.24727	\$0.08791	7.6%	1	
2	Core Commercial & Industrial	\$0.95094	\$1.00421	\$0.05327	5.6%	2	
3	Core Average	\$1.08489	\$1.16063	\$0.07574	7.0%	3	
4	Noncore C&I	\$0.08438	\$0.09469	\$0.01030	12.2%	4	
5	Sempra-Wide Electric Generation	\$0.02355	\$0.02832	\$0.00477	20.3%	5	
6	Retail Noncore Average	\$0.04408	\$0.05072	\$0.00664	15.1%	6	
7	Wholesale	\$0.00951	\$0.01156	\$0.00205	21.6%	7	
8	SYSTEM TOTALS	\$0.44088	\$0.47347	\$0.03259	7.4%	8	

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III. RESIDENTIAL CUSTOMER BILL IMPACTS

The following table provides estimates of residential bundled customer average monthly gas bill for commodity and transportation. This is based on the average residential customer usage of 38 therms per month.

As shown on Table SCG-GL-3, the bill amount for the typical customer that uses an average of 38 therms per month would increase by \$3.35 per month, or 7.7%.

TABLE SCG-GL-3

Southern California Gas Company
Typical Monthly Residential Gas Bill at Present and Proposed Rates

Line No.	Typical	Average M	onthly Bill	Cha	nge
	Usage	2010	2012	\$	%
1	38	\$43.39	\$46.74	\$3.35	7.7%

This concludes my prepared direct testimony.

SCG Doc#249814

IV. WITNESS QUA	ALIFICATION	١S
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My name is Gary Lenart. My business address is 555 West Fifth Street, Los Angeles, California, 90013-1011. I am employed by the Southern California Gas Company ("SoCalGas") as the Gas Rates Manager in the Regulatory Affairs Department for SoCalGas and SDG&E.

I hold a Bachelor of Science degree in Business Finance and Computer Science from Bradley University in Peoria, Illinois and a Master of Business Administration from California State University at Northridge, California. I have been employed by SoCalGas since 1988, and have held positions of increasing responsibilities in the Accounting, Strategic Planning, New Product Development, Customer Service & Information, and Regulatory Affairs departments. I have been in my current position as Gas Rates Manager since August, 2010. In my current position, I am responsible for cost allocation and rate design for both utilities.

I have previously testified before the Commission.

SCG Doc#249814 GL-4