

Application No: A.12-04-024  
Exhibit No.: \_\_\_\_\_  
Witness: Krystal L. Joscelyne

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Application of Southern California Gas Company )	Application 12-04-024
(U904G) to Establish a Biogas )	(Filed April 25, 2012)
Conditioning/Upgrading Services Tariff )	
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**PREPARED SUPPLEMENTAL TESTIMONY OF**  
**KRYSTAL L. JOSCELYNE**  
**SOUTHERN CALIFORNIA GAS COMPANY**

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

January 18, 2013



1           **Tracking Account:** Per the CST decision, SoCalGas will establish a new tracking  
2 account—the Compression Services Tracking Account (“CSTA”). SoCalGas will use the CSTA  
3 solely to monitor the pricing effectiveness in recovering the cost of service of providing  
4 compression services. A tracking account has not been requested in the BCS Tariff application.

5           **Balancing Account:** Per the CST decision, a new Compression Services Balancing  
6 account (“CSBA”) will be created in order to credit ratepayers for the use of embedded costs in  
7 providing CST services. In the BCS Tariff application SoCalGas plans to utilize its Core Fixed  
8 Cost Account (“CFCA”) and Noncore Fixed Cost Account (“NFCA”) to credit ratepayers for the  
9 use of embedded costs in providing BCS Tariff services.

10           **General Rate Case (“GRC”):** Per the CST decision, SoCalGas must bear all risks  
11 associated with the provision of the CST; incremental cost and revenues associated with  
12 providing the CST service will be excluded from base rates determined in SoCalGas’ GRC  
13 proceeding. In the BCS Tariff application, however, SoCalGas has proposed using the  
14 traditional ratemaking process that incremental costs will be included in SoCalGas’ base margin  
15 and miscellaneous revenue forecast associated with the BCS Tariff will be incorporated as a  
16 reduction of base rates. These costs and revenues will be presented in the next GRC proceeding  
17 for Commission approval. As such, in the BCS Tariff application SoCalGas will be at risk for  
18 these revenues until the next GRC and continue to be at risk if the actual miscellaneous revenues  
19 associated with the BCS Tariff are below the approved forecast.

20           **Cost Recovery:** Per the CST decision, “SoCalGas must bear all risk associated with this  
21 service.” In the BCS Tariff application SoCalGas has proposed using the traditional ratemaking  
22 process so SoCalGas will receive the benefit or loss until the next GRC. In the next GRC the

1 remaining undepreciated capital will be rolled into ratebase along with the miscellaneous  
2 revenues forecasts associated with BCS Tariff for Commission approval.

3 **Default:** Per the CST decision, “SoCalGas must bear all risk associated with this  
4 service.” In the BCS Tariff application SoCalGas has proposed to first exhaust all commercial  
5 and legal remedies to collect the remaining balance due and the required costs to remove and  
6 redeploy the asset from the customer premises; however, if the asset cannot be redeployed, it will  
7 be retired. SoCalGas shareholders will bear the economic loss until the next GRC. In the next  
8 GRC the remaining undepreciated capital will be rolled into ratebase along with the  
9 miscellaneous revenues forecasts associated with BCS Tariff for Commission approval.

10 The tables provided in Appendix 1 summarize the main differences described above in  
11 ratemaking, regulatory treatment and financial risk between the CST decision and BCS Tariff  
12 application. The second table, in Appendix 1, further delineates whether the ratepayer or  
13 shareholder bear responsibility.

#### 14 **BCS Tariff application and the Sustainable SoCal program**

15 The Sustainable SoCal program is described in Witness Lucas’ supplemental testimony.  
16 For the purposes of ratemaking, both of these programs are similar in that both utilize traditional  
17 ratemaking by placing the asset in ratebase and earning the Commission authorized return on  
18 ratebase. The difference between these two programs is captured in the recovery of the cost of  
19 the facilities. As Sustainable SoCal is proposed in the GRC, recovery for the costs of these  
20 facilities is in base rates. However, the BCS Tariff application describes a process to recover the  
21 fully allocated cost of service through a tariff service fee, which is charged to a specific tariff  
22 customer.

# Appendix 1

<b>Ratemaking</b>	<b>CST (decision)</b>	<b>BCS Tariff (application)</b>
Embedded Resources	All embedded resources are tracked on a fully loaded basis and ratepayers are credited for any costs embedded in general rates.	All embedded resources are tracked on a fully loaded basis and ratepayers are credited for any costs embedded in general rates.
Tracking Account	Establishment of the Compression Services Tracking Account (“CSTA”), solely to monitor pricing effectiveness in recovering the cost of service in providing compression services.	-
Balancing Account	SoCalGas plans to create a new Compression Services Balancing Account (“CSBA”) to credit ratepayers for the use of embedded costs in providing CST services.	SoCalGas plans to utilize its Core Fixed Cost Account (“CFCA”) and Noncore Fixed Cost Account (“NFCA”) to credit ratepayers for the use of embedded costs in providing BCS services.
General Rate Case	Incremental costs and revenues associated with providing this service will be excluded from base rates determined in SoCalGas’ GRC proceeding.	Costs will be included in SoCalGas’ base margin and miscellaneous revenues forecast associated with the BCS Tariff will be incorporated as a reduction of base rates. These will be presented in the next GRC proceeding for Commission approval.

Risk	CST (decision)		BCS Tariff (application)	
	Shareholder	Ratepayer	Shareholder	Ratepayer
Cost Recovery	Decision has adopted the restriction that SoCalGas must bear all risk associated with this service - even those risks of bankruptcy and liability	-	Shareholders will receive the benefit or loss until the next GRC.	In the next GRC the remaining undepreciated capital will be rolled into ratebase along with the miscellaneous revenues forecasts associated with BCS Tariff for Commission approval.
Default	Decision has adopted the restriction that SoCalGas must bear all risk associated with this service—even those risks of bankruptcy and liability	-	Shareholders bear the economic loss until the next GRC.	SoCalGas will first exhaust all commercial and legal remedies to collect the remaining balance due and the required costs to remove and redeploy the asset from the customer premises. If the asset cannot be redeployed it will be retired. In the next GRC the remaining undepreciated capital will be rolled into ratebase along with the miscellaneous revenues forecasts associated with BCS Tariff for Commission approval.