

Company: Southern California Gas Company (U 904 G)  
Proceeding: 2019 General Rate Case  
Application: A.17-10-008  
Exhibit: SCG-48

**SOCALGAS**

**DIRECT TESTIMONY OF RYAN HOM**

**(UPDATED RESULTS OF OPERATIONS REPORT)**

**January 2018**

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





1 The updated line items on Table RH-1U are as follows:

2	<u>Line #</u>	<u>Description</u>	<u>Present Rates (2019\$) Updated</u>
3			<u>(thousands of dollars)</u>
4	1	Base Margin	\$2,357,456
5	18	Uncollectibles	\$7,276
6	19	Franchise Fees	\$32,365
7	22	Taxes on Income	(\$100,870)
8	25	Return	\$202,305
9	26	Rate Base	\$6,755,680
10	27	Rate of Return	2.99%

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12 I have updated the RO model to reflect the changes discussed in this testimony.

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1 **WITNESS QUALIFICATIONS**

2 My name is Ryan Hom. My business address is 555 West Fifth Street, Los Angeles,  
3 California, 90013-1011. I am currently employed by SoCalGas as the GRC Financial Analysis  
4 Manager responsible for developing the revenue requirement forecasts for both SDG&E and  
5 SoCalGas.

6 I received a Bachelor of Science Degree in Economics and a minor in Management from  
7 University California, Irvine. I was first employed by SoCalGas in 2006 and have held various  
8 positions in the Customer Services, Regulatory Affairs and Accounting and Finance areas of the  
9 company.

10 I have not previously testified before the Commission.

## LIST OF ACRONYMS

<b>ACRONYM</b>	<b>DEFINITION</b>
AL	Advice Letter
AMI	Advanced Meter Infrastructure
Commission	California Public Utilities Commission
D.	Decision
GRC	General Rate Case
PRR	Present Rate Revenues
PSEP	Pipeline Safety Enhancement Plan
RO	Results of Operations
SoCalGas	Southern California Gas Company
TY	Test Year

**APPENDIX A – SUMMARY OF EARNINGS TABLE**

Table RH-1U  
SOCALGAS  
TEST YEAR 2019  
SUMMARY OF EARNINGS  
(Thousands of Dollars)

Line No.	Description	2019 Present Rates (2019\$)	2019 Proposed Rates (2019\$)
1	Base Margin	\$ 2,357,456	\$ 2,904,554
2	Miscellaneous Revenues	98,685	84,924
3	Revenue Requirement	\$ 2,456,141	\$ 2,989,477
<u>Operating and Maintenance Expenses</u>			
4	Gas Distribution	157,111	157,111
5	Transmission	88,812	88,812
6	Underground Storage	60,074	60,074
7	Engineering	112,629	112,629
8	PSEP	83,156	83,156
9	Procurement	4,230	4,230
10	Customer Services	314,564	314,564
11	Information Technology	33,636	33,636
12	Support Services	154,514	154,514
13	Administrative and General	625,670	625,670
14	Subtotal (2016\$)	\$ 1,634,396	\$ 1,634,396
15	Shared Services Adjustments	54,665	54,665
16	Reassignments	(185,523)	(185,523)
17	Escalation	77,760	77,760
18	Uncollectibles (0.316%)	7,276	8,964
19	Franchise Fees (1.372%)	32,365	39,871
20	Total O&M (2019\$)	\$ 1,620,938	\$ 1,630,133
21	Depreciation & Amortization	606,830	606,830
22	Taxes on Income	(100,870)	128,807
23	Taxes Other Than on Income	126,939	126,939
24	Total Operating Expenses	2,253,836	2,492,708
25	Return	202,305	496,769
26	Rate Base	6,755,680	6,767,967
27	Rate of Return	2.99%	7.34%

**APPENDIX B – BASE MARGIN AND REVENUE REQUIREMENT**

SOCALGAS  
TEST YEAR 2019  
GAS PRESENT RATE REVENUE  
(Thousands of Dollars)

	2017 rates	2018 rates	2019 GRC	2018 to 2019 increase/(decrease)
Authorized Base Margin in 2016 GRC (1)	\$2,105,281	\$2,105,281	\$2,904,553	\$799,272
2017 attrition w/ffu	\$74,033	\$74,033		(\$74,033)
2018 attrition w/ffu		\$76,618		(\$76,618)
Cost of Capital True up Adjustment (2)		(\$30,324)		\$30,324
<b>Base Margin (net Misc. Revenue, Includes FF&amp;U)</b>	<b>\$2,179,314</b>	<b>\$2,225,608</b>	<b>\$2,904,553</b>	<b>\$678,945</b>
AMI (with FF&U)	\$79,980	\$31,778		(\$31,778)
PSEP Outside of GRC (pre system integration w/ FF&U)	\$93,975	\$100,071		(\$100,071)
<b>Adjustments to 2017 &amp; 2018 Base Margin (as if AMI &amp; PSEP are part of Base Margin)</b>	<b>\$2,353,269</b>	<b>\$2,357,457</b>	<b>\$2,904,553</b>	<b>\$547,096</b>
PSEP System Integration Adjustment	(\$2,130)	(\$2,164)		\$2,164
Other System Integration Adjustment	\$36,770	\$36,770	\$36,770	\$0
Other Adjustments to Base Margin:				
Adjusted Other Operating Costs and Revenues	\$34,949	\$32,642	\$71,821	\$39,179
PSEP from Base Margin			(\$99,529)	(\$99,529)
AB32 Admin Fee from Base Margin	(\$4,615)	(\$4,615)	(\$5,109)	(\$494)
Brokerage Fee	(\$8,171)	(\$8,171)	(\$8,169)	\$2
Regulatory Accounts	\$122,538	\$201,712	\$228,414	\$26,701
EOR Revenue allocated to Other Classes	(\$10,209)	(\$12,050)	(\$14,705)	(\$2,656)
SW Adjustment (EG & NGV)	(\$994)	(\$2,024)	(\$2,484)	(\$460)
TLS Adjustments (NCCI/EG/WS/DGN)	(\$1,264)	\$2,492	(\$1,256)	(\$3,748)
BTS Reg. Accounts	\$9,163	\$9,177.54	\$241,622	\$232,444
<b>Rate Revenues (excluding PPPS, Gas)</b>	<b>\$2,529,307</b>	<b>\$2,611,227</b>	<b>\$3,351,927</b>	<b>\$740,700</b>

(1) Per 2016 GRC D.16-06-054

(2) Per D.17-07-005