

Application No: A.19-11-
Exhibit No.: _____
Witness: Michael Foster

Application of SOUTHERN CALIFORNIA
GAS COMPANY (U 904 G) for adoption
of a 2020 Flex Alert Marketing Campaign.

Application 19-11-_____
(Filed November 22, 2019)

CHAPTER 3

2020 FLEX ALERT MARKETING CAMPAIGN

PREPARED DIRECT TESTIMONY OF

MICHAEL FOSTER

ON BEHALF OF

SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

November 22, 2019

TABLE OF CONTENTS

1
2
3
4
5
6
7

Page

I. OVERVIEW AND SUMMARY OF NATURAL GAS RATE IMPACTS1

 A. Purpose.....1

II. NATURAL GAS RATE IMPACTS1

III. QUALIFICATIONS.....2

1 **DIRECT TESTIMONY OF MICHAEL FOSTER**

2 **I. OVERVIEW AND SUMMARY OF NATURAL GAS RATE IMPACTS**

3 **A. Purpose**

4 The purpose of my prepared direct testimony on behalf of Southern California Gas
5 Company (SoCalGas) is to sponsor the rate impacts, including in Public Purpose Program (PPP)
6 rates, associated with the proposed 2020 Flex Alert Campaign as described by SoCalGas Witness
7 Toni Mathews.

8 **II. NATURAL GAS RATE IMPACTS**

9 The proposed 2020 Flex Alert Campaign budget, as described in the testimony of Toni
10 Mathews, is \$3.33 million. Further, as stated in Toni Mathews and Reginald Austria’s
11 testimonies, SoCalGas proposes to add an additional \$6.08 million to year 2020 rates for
12 recovery of the costs from the 2018 and 2019 Flex Alert Campaigns. SoCalGas proposes to
13 incorporate these costs into its PPP surcharge rates effective January 1 of the following year as
14 filed in SoCalGas’ annual October PPP surcharge rate advice letter update submittal. SoCalGas
15 proposes to include Flex Alert Campaign costs in rates as follows:

16

Table 3-1 – Program Cost	
Programs (\$ in millions)	<u>2018-2020</u>
Total Proposed Budget	\$8.9 M
In rates beginning January of:	2021

17 SoCalGas proposes to include these costs in the PPP surcharge rate and allocate to
18 customer classes using the Equal Percent of Margin (EPAM) method. Table 3-2 below shows
19 the estimated bundled rate impact for year 2021. The percent change in year 2021 is compared
20 to current rates.

1
2
3
4
5

Table 3-2
Southern California Gas Company
Flex Alert Campaign – Gas
Illustrative Estimated Bundled Rate Increase for Year 2021

Customer Class	Current Rates	2021	
		\$/th	% change
Core-CARE	\$/th	\$/th	% change
Residential	\$0.07558	\$0.07862	4%
Commercial/ Industrial	\$0.05384	\$0.05502	2%
Gas AC	\$0.09938	\$0.09982	0%
Core-Non CARE			
Residential	\$0.10060	\$0.10365	3%
Commercial/ Industrial	\$0.07887	\$0.08005	1%
Gas AC	\$0.12441	\$0.12484	0%
Gas Engine	\$0.07573	\$0.07667	1%
Natural Gas Vehicle	\$0.02503	\$0.02503	0%
Noncore			
Commercial/ Industrial	\$0.03058	\$0.03076	1%

6

This concludes my prepared direct testimony.

7

8 **III. QUALIFICATIONS**

8

9

My name is Michael W. Foster. My business address is 555 West Fifth Street, Los Angeles, California, 90013-1011. I received a Bachelor of Arts degree in Economics from the University of California, Santa Barbara in 1995. I received a Master of Business Administration degree from the Darden School of Business at the University of Virginia, Charlottesville in 2000.

10

11

12

13

As Principal Regulatory Economic Advisor, I support the gas transportation rates for both SoCalGas and SDG&E. This includes allocating authorized revenue requirements to customer

14

1 rate classes, developing the design of the rate for each class, and computing the impact on
2 customers' monthly bills.

3 I have previously testified before the Commission.