

Company: Southern California Gas Company (U 904 G)
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Application: A.22-05-015/-016 (cons)
Exhibit: SCG-38-R-E

REVISED
PREPARED DIRECT TESTIMONY OF
RAE MARIE YU
(REGULATORY ACCOUNTS)

ERRATA

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



May 2023

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Appendix A – Glossary of Terms

Appendix B – Chart of Test Year 2024 Regulatory Account Proposals

SUMMARY

- Disposition and continuation of regulatory account balances for accounts to be continued:
 - California Consumer Privacy Act Memorandum Account (CCPAMA)
 - Emergency Customer Protections Memorandum Account (ECPMA)
 - Research, Development, and Demonstration Expense Account (RDDEA)
 - Residential Disconnection Protections Memorandum Account (RDPMA)
 - Safety Enhancement Capital Cost Balancing Account (SECCBA)
 - Safety Enhancement Expense Balancing Account (SEEBA)
 - Avoided Cost Calculator Update Memorandum Account (ACCUMA)
 - Natural Gas Leak Abatement Program Memorandum Account (NGLAPMA)
 - Morongo Rights of Way Memorandum Account (MROWMA)
 - Dairy Biomethane Program Memorandum Account (DBPMA)
- Closure of memorandum accounts:
 - Aliso Canyon Memorandum Account (ACMA)
 - Core Gas Balancing Memorandum Account (CGBMA)
 - Dairy Biomethane Solicitation Development Memorandum Account (DBSDMA)
 - Injection Enhancement Cost Memorandum Account (IECMA)
 - Pipeline Safety Enhancement Plan-Phase 2 Memorandum Account (PSEP-P2MA)
 - Residential Disconnect Memorandum Account (RDMA)
 - Wildfire Customer Protections Memorandum Account (WCPMA)
 - Assembly Bill 802 Memorandum Account (AB802MA)
 - Advanced Metering Infrastructure Balancing Account (AMIBA)
 - Line 1600 Records Audit Memorandum Account (L1600RAMA)
- Continuation of existing regulatory account mechanisms:
 - Pension Balancing Account (PBA) and Post-Retirement Benefits Other than Pension Balancing Account (PBOPBA)

- Research Royalties Memorandum Account (RRMA)
- New Environmental Regulation Balancing Account (NERBA)
- Liability Insurance Premium Balancing Account (LIPBA)
- Transmission Integrity Management Program Balancing Account (TIMPBA), Post-2011 Distribution Integrity Management Program Balancing Account (DIMPBA), and Storage Integrity Management Program Balancing Account (SIMPBA)
- Modification of existing regulatory accounts:
 - PSEP Memorandum Account (PSEPMA) - Continue the PSEP-GRC Subaccount through the TY 2024 GRC cycle and amortize and eliminate the Line 44 Subaccount
- Creation of new regulatory accounts:
 - Facilities Integrity Management Program Balancing Account (FIMPBA)
 - Gas Safety Enhancement Programs Balancing Account (GSEPBA)
 - Locate and Mark Balancing Account (LMBA)
 - Hydrogen Refueling Station Balancing Account (HRSBA)
 - Litigated Project Costs Memorandum Account (LPCMA)
- Additional information on certain regulatory accounts:
 - Presentation of the Tax Memorandum Account (TMA)
 - Reimbursement of ratepayers through the Compression Services Balancing Account (CSBA), Biogas Conditioning/Upgrading Services Balancing Account (BCSBA), and Distributed Energy Resources Services Balancing Account (DERSBA) to the extent embedded resources are used to provide those services so that these programs are solely shareholder-funded programs
 - Discontinuation of recording costs associated with the conversion of master-metered service at mobile home parks in the Master Meter Balancing Account (MMBA)
 - Continuation of tracking officer compensation costs in the Officer Compensation Memorandum Account (OCMA)
 - Gas Rules & Regulations Memorandum Account (GRRMA)

1 **ERRATA REVISED PREPARED DIRECT TESTIMONY OF**
2 **RAE MARIE YU**
3 **(REGULATORY ACCOUNTS)**

4 **I. INTRODUCTION**

5 **A. Summary of Proposals**

6 My prepared direct testimony presents the TY 2024 GRC proposals of the Regulatory
7 Accounts area for Southern California Gas Company (SoCalGas). Regulatory Accounts is
8 responsible for SoCalGas’s authorized regulatory balancing, tracking, and memorandum
9 accounts, which include implementing regulatory accounting procedures for compliance with
10 California Public Utilities Commission (CPUC or Commission) directives, quantifying and
11 recording the monthly entries and adjustments to the Commission-authorized regulatory account
12 mechanisms, and managing the general administration of SoCalGas’s authorized regulatory
13 accounts. As the regulatory accounts witness, the scope of my testimony is restricted to
14 explaining the ratemaking treatment of the costs associated with a regulatory account. Appendix
15 B is a reference chart of the regulatory accounts that are addressed in this GRC, and each witness
16 responsible for addressing the costs and proposals related to those accounts. In addition, the cost
17 allocation methodology to be used for the disposition of regulatory accounts not previously
18 amortized is discussed in the Present and Proposed Gas Transportation Revenues & Rates
19 testimony of Sharim Chaudhury (Exhibit (Ex.) SCG-42).

20 **B. Organization of Testimony**

21 My testimony will discuss the different types of proposals we have for regulatory
22 accounts, including

- 23 1. amortization of balances for accounts that will continue into the test year 2024
- 24 GRC cycle,
- 25 2. amortization and closure of regulatory accounts no longer needed,
- 26 3. continuation of existing regulatory accounts with no proposed changes,
- 27 4. modifications to existing regulatory accounts,
- 28 5. creation of new regulatory accounts, and
- 29 6. other information related to certain regulatory accounts.

30 **C. Support From Other Witnesses**

31 In sponsoring SoCalGas’s regulatory accounts proposals, other witness areas provide
32 justification for some of the proposals included in my testimony, including the need for new

1 regulatory accounts and reasonableness reviews of costs for which recorded balances in the
2 regulatory account are based.

3 **II. REGULATORY ACCOUNTS**

4 **A. Disposition of Regulatory Account Balances**

5 There are ten existing regulatory accounts for which remaining balances at year-end 2023
6 will be subject to disposition through the implementation of this GRC. The accounts discussed in
7 this section will remain open through the TY 2024 GRC and may continue recording future costs
8 (e.g., on-going capital-related costs associated with projects reviewed in other witness area
9 testimonies). Table RQY-1 below shows the balances of these regulatory accounts as of
10 December 31, 2021. Balances presented in this table align with the time period of the
11 reasonableness reviews included in other witness area testimonies. SoCalGas proposes to recover
12 the recorded balance as of December 31, 2023, which will include any on-going capital-related
13 costs associated with these projects being reviewed in this TY 2024 GRC, as discussed within
14 this section.

15 **TABLE RY-1**
16 **Southern California Gas Company**
17 **Balances as of December 31, 2021**
18 **(over-)/undercollection**
(in Thousands \$)

CCPAMA	740
ECPMA	287
RDDEA	(581)
RDPMA	1,611
SECCBA ¹	98,673
SEEBA ¹	6,915
ACCUMA	52
NGLAPMA	4,236
MROWMA	21,151
DBPMA ¹	624

¹ The balance presented for these regulatory accounts are partial balances recorded to the account and represent the portion of the balance being requested for recovery in customers' transportation rates in this TY 2024 GRC.

1 **1. California Consumer Privacy Act Memorandum Account (CCPAMA)**

2 The CCPAMA is an interest-bearing memorandum account recorded on SoCalGas's
3 financial statements. Pursuant to Decision (D.) 19-09-026, the purpose of this account is to
4 record the incremental costs associated with complying with consumer privacy obligations as
5 required by Assembly Bill (AB) 375. Details of the costs requested for recovery in this TY 2024
6 GRC are described in the Customer Services – Office Operations testimony of Bernardita Sides
7 (Ex. SCG-15). The balance recorded in the CCPAMA associated with these costs is an
8 undercollection of \$0.7 million as of December 31, 2021. The balance consists of \$0.3 million of
9 O&M expenses, \$0.4 million of capital-related costs, and \$5 thousand of interest. SoCalGas will
10 continue to balance the on-going capital-related costs associated with the capital additions
11 described in Ex. SCG-15 through December 31, 2023. SoCalGas proposes to amortize the
12 recorded balance associated with the costs reviewed in Ex. SCG-15 as of December 31, 2023 in
13 customer gas transportation rates. Since these assets placed into service through December 31,
14 2021 are proposed for inclusion in rate base as part of SoCalGas's TY 2024 GRC, SoCalGas will
15 discontinue recording in the CCPAMA the capital-related costs associated with these assets upon
16 implementation of the TY 2024 GRC Decision to avoid double recovery. O&M and capital-
17 related costs associated with costs and/or assets placed into service after December 31, 2021 and
18 not reviewed in this GRC will continue to be balanced in the CCPAMA and SoCalGas will seek
19 recovery of these costs in a future GRC or other applicable proceeding designated by the
20 Commission.

21 **2. Emergency Customer Protections Memorandum Account (ECPMA)**

22 The ECPMA is an interest-bearing memorandum account recorded on SoCalGas's
23 financial statements. The purpose of this account is to record the incremental costs associated
24 with complying with providing residential and non-residential emergency customer protections.²
25 Details of the costs are described in the Customer Services – Office Operations testimony of
26 Bernardita Sides (Ex. SCG-15). The balance as of December 31, 2021 is \$0.3 million
27 undercollected. SoCalGas proposes to amortize this balance in customer gas transportation rates.
28 SoCalGas will keep the ECPMA open in order to continue recording incremental emergency
29 customer protection costs that may occur in the future. Any costs recorded to the ECPMA

² See D.18-08-004; see also Res. M-4833 and Res. M-4835.

1 beyond December 31, 2021 will be addressed in a future GRC or other applicable proceeding
2 designated by the Commission.

3 **3. Research, Development, and Demonstration Expense Account**
4 **(RDDEA)**

5 The RDDEA is an interest-bearing balancing account recorded on SoCalGas's financial
6 statements. The purpose of this account is to record the difference between actual and authorized
7 costs associated with non-public research, development, and demonstration (RD&D) programs
8 pursuant to D.19-09-051. The balance as of December 31, 2021 is \$0.6 million overcollected.
9 SoCalGas proposes to amortize the balance of the TY 2019 GRC program cycle as of December
10 31, 2023 in customer gas transportation rates and at the end of the amortization period transfer
11 any residual balances for the TY 2019 GRC program cycle to the Core Fixed Cost Account
12 (CFCA) and Non-Core Fixed Cost Account (NFCA). This proposed transfer would close-out this
13 program cycle for any minimal, residual balance that may occur due to interest. In addition,
14 SoCalGas proposes to continue current ratemaking treatment of RD&D program costs sponsored
15 by the Clean Energy Innovations testimony of Armando Infanzon (Ex. SCG-12).

16 **4. Residential Disconnection Protections Memorandum Account**
17 **(RDPMA)**

18 The RDPMA is an interest-bearing memorandum account recorded on SoCalGas's
19 financial statements. The purpose of this account is to record the incremental costs associated
20 with implementing the customer protections required by D.20-06-003.³ Details of the RDPMA
21 costs requested for recovery in the TY 2024 GRC are described in the Customer Service – Office
22 Operations testimony of Bernardita Sides (Ex. SCG-15). The balance associated with these costs
23 is \$1.6 million undercollected as of December 31, 2021. The balance consists of \$1.1 million of
24 O&M expenses, \$0.5 million of capital-related costs, and \$0.5 thousand of interest. SoCalGas
25 will continue to balance the on-going capital-related costs associated with the capital additions
26 described in Ex. SCG-15 through December 31, 2023. SoCalGas proposes to amortize the
27 balance associated with these assets as of December 31, 2023 in customer gas transportation
28 rates. Since these assets placed into service through December 31, 2021 are proposed for
29 inclusion in rate base as part of SoCalGas's TY 2024 GRC, SoCalGas will discontinue recording
30 in the RDPMA the capital-related costs associated with these assets upon implementation of the

³ D.20-06-003 at Ordering Paragraph (OP) 95.

1 TY 2024 GRC Decision to avoid double recovery. O&M and capital-related costs associated
 2 with costs and/or assets placed into service after December 31, 2021 and not reviewed in this
 3 GRC will continue to be recorded in the RDPMA, and SoCalGas will seek recovery of these
 4 costs in a future GRC or other applicable proceeding before the Commission.

5 **5. Safety Enhancement Capital Cost Balancing Account (SECCBA)**

6 The SECCBA is an interest-bearing balancing account recorded on SoCalGas’s financial
 7 statements. The purpose of this account is to track the capital-related costs associated with
 8 SoCalGas’s Pipeline Safety Enhancement Plan (PSEP) for Phase 1A and Phase 1B projects. The
 9 Phase 1A Subaccount is subject to a 50% interim recovery.⁴ The Phase 1B Subaccount is
 10 amortized in connection with SoCalGas’s Annual Regulatory Account Balance Update filing and
 11 therefore is not discussed in this testimony.⁵ Details of the Phase 1A costs through December
 12 31, 2020 requested for recovery in the TY 2024 GRC are described in the PSEP testimony of Bill
 13 Kostelnik (Ex. SCG-08). The balance in the Phase 1A Subaccount associated with these costs is
 14 \$98.7 million undercollected as of December 31, 2021. This balance consists of \$168.7 million
 15 of capital-related costs and \$2 million of interest, offset by \$72 million of 50% interim recovery
 16 (e.g., amortization). SoCalGas will continue to balance the on-going capital-related costs
 17 associated with the capital additions described in Ex. SCG-08, as well as continue with the
 18 annual 50% interim recovery on this balance for the years 2022 and 2023.

19 **Table RY-2**
 20 **Southern California Gas Company**
 21 **Estimated 2022 and 2023 SECCBA Balances**
 22 **\$ in Millions**

Year	Beginning Balance	On-going Capital-Related Costs	Amortization	Interest	Ending Balance
2022	98.7	45.6	(41.6)	0.5	103.2
2023	103.2	44.1	(44.0)	0.4	103.8

23
 4 D.16-08-003 at Ordering Paragraph (OP) 2.

5 See D.19-03-025 at 67 and OP 19.

1 As shown in Table RQY-2 above, SoCalGas estimates amortization of \$41.6 million and
2 \$44 million, respectively. After taking into account the on-going capital-related costs and future
3 amortization, SoCalGas estimates the ending balance as of December 31, 2023, associated with
4 the assets being reviewed in this TY 2024 GRC to be \$103.8 million undercollected. SoCalGas
5 requests to amortize the actual ending balance associated with these assets as of December 31,
6 2023 in customers' gas transportation rates. Since these assets placed into service through
7 December 31, 2020 are proposed for inclusion in rate base as part of SoCalGas's TY 2024 GRC,
8 SoCalGas will discontinue recording in the SECCBA the capital-related costs associated with
9 these assets upon implementation of the TY 2024 GRC Decision to avoid double recovery.
10 Capital-related costs associated with assets placed into service after December 31, 2020 and not
11 be reviewed in this GRC will continue to be recorded in the SECCBA and SoCalGas will seek
12 recovery of these costs in a future GRC or other applicable proceeding designated by the
13 Commission.

14 **6. Safety Enhancement Expense Balancing Account (SEEBA)**

15 The SEEBA is an interest-bearing balancing account recorded on SoCalGas's financial
16 statements. The purpose of this account is to track the O&M costs associated with SoCalGas's
17 PSEP for Phase 1A and Phase 1B projects. The Phase 1A Subaccount is subject to a 50% interim
18 recovery. The Phase 1B Subaccount is amortized in connection with SoCalGas's Annual
19 Regulatory Account Balance Update filing and therefore is not discussed in this testimony.⁶
20 Details of the Phase 1A costs through December 31, 2020 requested for recovery in the TY 2024
21 GRC are described in Ex. SCG-08. The balance in the Phase 1A subaccount associated with
22 these costs is \$6.9 million undercollected as of December 31, 2021. This balance consists of
23 \$22.6 million of O&M costs and \$0.4 million of interest, offset by \$16.1 million of 50% interim
24 recovery (e.g., amortization). SoCalGas will continue with the annual 50% interim recovery on
25 this balance for the years 2022 and 2023.

⁶ *Id.*

Table RY-3
Southern California Gas Company
Estimated 2022 and 2023 SEEBA Balances
\$ in Millions

Year	Beginning Balance	O&M Costs	Amortization	Interest	Ending Balance
2022	8.4	0.0	(4.2)	0.0	4.2
2023	4.2	0.0	(2.1)	0.0	2.1

As shown in Table RQY-3 above, SoCalGas estimates amortization of \$4.2 million and \$2.1 million, respectively. After taking into account this future amortization, SoCalGas estimates the ending balance as of December 31, 2023 associated with the O&M costs being reviewed in this TY 2024 GRC to be \$2.1 million undercollected. SoCalGas requests to amortize the actual ending balance associated with these O&M costs as of December 31, 2023 in customers' gas transportation rates. O&M costs associated with projects not reviewed in this GRC will continue to be recorded in the SEEBA and SoCalGas will seek recovery of these costs in a future GRC or other applicable proceeding designated by the Commission.

7. Avoided Cost Calculator Update Memorandum Account (ACCUMA)

The ACCUMA is an interest-bearing memorandum account recorded on SoCalGas's financial statements. The purpose of this account is to track the costs allocated to the utilities for contractors hired by the Commission to perform annual Avoided Cost Calculator updates and to provide technical assistance or research for the purpose of advancing future refinement of cost-effective methods.⁷ Details of the ACCUMA costs requested for recovery in the TY 2024 GRC are described in the Customer Services – Information testimony of Brian Prusnek (Ex. SCG-16). The undercollected balance, as of December 31, 2021, is \$52 thousand. SoCalGas proposes to amortize this balance in customer gas transportation rates. SoCalGas will keep the ACCUMA open and continue to record incremental costs that may occur beyond December 31, 2021 and will seek recovery in a future GRC or other applicable proceeding designated by the Commission.

⁷ D.16-06-007 at OP 8.

1 **8. Natural Gas Leak Abatement Program Memorandum Account**
2 **(NGLAPMA)**

3 The NGLAPMA is an interest-bearing memorandum account recorded on SoCalGas’s
4 financial statements. The purpose of the NGLAPMA is to record the incremental administrative
5 costs associated with implementation of the Natural Gas Leak Abatement Program (NGLAP).⁸
6 Details of the NGLAPMA costs requested for recovery in the TY 2024 GRC are described in the
7 Gas System Staff & Technology testimony of Wallace Rawls (Ex. SCG-05). The undercollected
8 balance, as of December 31, 2021, is \$4.2 million. SoCalGas proposes to amortize this balance in
9 customer gas transportation rates. SoCalGas will continue to record costs to NGLAPMA until
10 NGLAP can be incorporated in a future GRC.⁹

11 **9. Morongo Rights-of-Way Memorandum Account (MROWMA)**

12 The MROWMA is an interest-bearing memorandum account recorded on SoCalGas’s
13 financial statements. Pursuant to D.19-09-051, the purpose of this account is to record the costs
14 associated with the evaluation of the potential relocation of transmission and distribution
15 pipelines that run underneath the Morongo Band of Mission Indians (Morongo) near Cabazon,
16 California (Reservation) and corresponding costs associated with the renewal of the expiring
17 rights of way.¹⁰ Details of the costs requested to be recovered in this GRC are described in the
18 Gas Engineering testimony of Maria Martinez (Ex. SCG-07). The undercollected balance, as of
19 December 31, 2021, is \$21.2 million. This balance consists of \$21.1 million of capital-related
20 costs and \$15 thousand of interest. SoCalGas will continue to balance the on-going capital-
21 related costs through December 31, 2023. Since these assets placed into service through
22 December 31, 2021 are proposed for inclusion in rate base as part of SoCalGas’s TY 2024 GRC,
23 SoCalGas will discontinue recording in the MROWMA the capital-related costs associated with
24 these assets upon implementation of the TY 2024 GRC Decision to avoid double recovery.
25 SoCalGas proposes to amortize the balance associated with these assets as of December 31, 2023
26 in customer gas transportation rates.

⁸ D.17-06-015 at 132.

⁹ *See Request for Extension of Time to Comply with Ordering Paragraph 12 of Decision 17-06-015*, Letter from CPUC Executive Director, Rachel Peterson, dated November 18, 2021, which grants the delaying the inclusion of the Natural Gas Leak Abatement Program in SoCalGas’ next general rate case to the TY 2028 GRC.

¹⁰ D.19-09-051 at 135.

1 As discussed by Ms. Martinez, at the time of filing the application for the TY 2024 GRC,
2 the costs related to the Gas Distribution System Right of Way are still pending. As such,
3 SoCalGas will continue to record incremental costs in the MROWMA, which will be addressed
4 in a future GRC or other applicable proceeding designated by the Commission.

5 **10. Dairy Biomethane Program Memorandum Account (DBPMA)**

6 The DBPMA is an interest-bearing memorandum account recorded on SoCalGas's
7 financial statements. The purpose of the DBPMA is to record the dairy biomethane project costs
8 associated with facilities and equipment to/from a biogas conditioning facility, point of receipt,
9 and/or SoCalGas's pipeline system, as well as net revenues from the sale of environmental
10 credits purchased as part of the Dairy Biomethane Pilot Projects.¹¹ As discussed in the PSEP
11 Testimony of Bill Kostelnik at Ex. SCG-08, SoCalGas has spent in excess of the capital
12 expenses authorized in AL 5398. The undercollected balance, as of December 31, 2021, related
13 to incremental capital additions is \$0.6 million. SoCalGas will continue to record on-going
14 capital-related costs associated with these assets through December 31, 2023. Since all dairy
15 biomethane assets placed into service through December 31, 2021 are being proposed for
16 inclusion in rate base as part of SoCalGas's TY 2024 GRC, SoCalGas will discontinue recording
17 in the DBPMA the capital-related costs associated with these assets upon implementation of the
18 TY 2024 GRC Decision to avoid double recovery. SoCalGas proposes to amortize the balance
19 associated with these assets as of December 31, 2023 in customer gas transportation rates.
20 Capital-related costs associated with assets placed in service after December 31, 2021 will
21 continue to be balanced in the DBPMA.

22 **B. Closure of Regulatory Accounts**

23 SoCalGas proposes to close all of the regulatory accounts listed in this section as these
24 accounts were established to record costs for a specific project and/or time period. Upon
25 amortization of the account balances in these accounts, SoCalGas will no longer have a need for
26 them. The entire account balance for each of these accounts is being proposed for amortization,
27 which may include amounts not yet incurred (e.g., on-going capital-related costs); however,
28 SoCalGas is providing the account balance as of March 31, 2022 because that is the most recent
29 information available at the time of filing.

¹¹ D.17-12-004 at OP 5 and Appendix A.

1 **1. Aliso Canyon Memorandum Account (ACMA)**

2 The ACMA is an interest-bearing memorandum account recorded on SoCalGas’s
3 financial statements. The purpose of the ACMA is to record incremental costs associated with
4 the Aliso Canyon Turbine Replacement (ACTR) Project that was approved in D.13-11-023.
5 Project expenditures of up to \$275.5 million were approved for inclusion in customers
6 transportation rates.¹² Pursuant to SoCalGas AL 5539-G, SoCalGas amortized the balance in the
7 ACMA related to the capital additions of \$275.5 million added to rate base in its TY 2019 GRC¹³
8 and continued to balance the on-going capital-related costs associated with the capital additions
9 in excess of \$275.5 million that were not incorporated into customer transportation rates. Details
10 of project costs incurred in excess of \$275.5 million is discussed in the Gas Storage Operations
11 and Construction testimony of Larry Bittleston and Steve Hruby (Ex. SCG-10).¹⁴ The balance as
12 of March 31, 2022 is \$9.5 million undercollected. SoCalGas will continue to balance the on-
13 going capital-related costs through December 31, 2023. Since all remaining ACTR assets are
14 proposed for inclusion in rate base as part of SoCalGas’s TY 2024 GRC, SoCalGas will
15 discontinue recording in the ACMA the capital-related costs associated with these assets upon
16 implementation of the TY 2024 GRC Decision to avoid double recovery. SoCalGas proposes to
17 amortize the balance as of December 31, 2023 in customer gas transportation rates, and at the
18 end of the amortization period, transfer any residual balances to the CFCA and NFCA, and
19 eliminate the account.

20 **2. Core Gas Balancing Memorandum Account (CGBMA)**

21 The CGBMA is an interest-bearing memorandum account recorded on SoCalGas’s
22 financial statements. The purpose of this account is to track the costs of the Advanced Metering
23 Infrastructure (AMI) data aggregation system, including a function to automate scheduled
24 quantity trading.¹⁵ Details of the costs are described in the Gas Transmission Operations and
25 Construction testimony of Rick Chiapa, Steve Hruby, and Aaron Bell (Ex. SCG-06). The balance

¹² D.19-09-051 at 691.

¹³ See SoCalGas Advice Letter (AL) 5539-G at 10, approved December 4, 2019 and effective January 1, 2020.

¹⁴ SoCalGas requested \$287.3M in project costs in the TY 2019 GRC; however, only \$275.5M was approved. See Rebuttal Testimony of David L. Buczkowski, Ex. SCG-211, at DLB-A-1.

¹⁵ D.19-08-002 at 2, COL 10, and OP 8.

1 as of March 31, 2022 is \$0.5 million undercollected, which consists of \$0.3 million of O&M
2 expenses, \$0.2 million of capital-related costs, and (\$0.1) thousand of interest. SoCalGas will
3 continue to balance the on-going capital-related costs through December 31, 2023. Since all
4 assets related to the Core Gas Balancing project are proposed for inclusion in rate base as part of
5 SoCalGas's TY 2024 GRC, SoCalGas will discontinue recording in the CGBMA the capital-
6 related costs associated with these assets upon implementation of the TY 2024 GRC Decision to
7 avoid double recovery. SoCalGas proposes to amortize the balance as of December 31, 2023 in
8 customer gas transportation rates, and at the end of the amortization period, transfer any residual
9 balances to the CFCA, and eliminate the account.

10 **3. Dairy Biomethane Solicitation Development Memorandum Account** 11 **(DBSDMA)**

12 The DBSDMA is an interest-bearing memorandum account recorded on SoCalGas'
13 financial statements. The purpose of this account is to track the expenditures for the solicitation
14 of dairy biomethane projects.¹⁶ Details of the costs are described in the Clean Energy
15 Innovations testimony of Armando Infanzon (Ex. SCG-12). The balance as of March 31, 2022 is
16 \$0.8 million undercollected. SoCalGas proposes to amortize the balance as of December 31,
17 2023 in customer gas transportation rates, and at the end of the amortization period, transfer any
18 residual balances to the CFCA and NFCA, and eliminate the account.

19 **4. Injection Enhancement Cost Memorandum Account (IECMA)**

20 The IECMA is an interest-bearing memorandum account recorded on SoCalGas's
21 financial statements. The purpose of this account is to record all incremental costs associated
22 with the first and second Injection Enhancement Plans and Injection Enhancement
23 Memorandums between SoCalGas's System Operation Department and SoCalGas' Gas
24 Acquisition Department.¹⁷ Details of the costs are described in the Gas Acquisition testimony of
25 Martin Lazarus (Ex. SCG-11). The balance as of March 31, 2022 is \$0.2 million overcollected.
26 SoCalGas proposes to amortize the balance to be refunded to ratepayers as of December 31,
27 2023 in customers gas transportation rates, and at the end of the amortization period, transfer any
28 residual balances to the CFCA and NFCA, and eliminate the account.

¹⁶ D.17-12-004 at OP 5 and Appendix A.

¹⁷ See SoCalGas AL 5139-G, approved July 11, 2017 and effective May 8, 2017; see also SoCalGas AL 5275-A, approved May 18, 2018 and effective March 13, 2018.

1 **5. Pipeline Safety Enhancement Program-Phase 2 Memorandum**
2 **Account (PSEP-P2MA)**

3 The PSEP-P2MA is an interest-bearing memorandum account recorded on SoCalGas’s
4 financial statements. The purpose of this account is to record all incremental costs associated
5 with preliminary planning and engineering design for Phase 2 PSEP projects, effective as of
6 August 18, 2016.¹⁸ Details of the costs are described in the PSEP testimony of Bill Kostelnik
7 (Ex. SCG-08). The balance as of March 31, 2022 is \$4.7 million undercollected. SoCalGas
8 proposes to amortize the balance as of December 31, 2023 in customer gas transportation rates,
9 and at the end of the amortization period, transfer any residual balances to the CFCA and NFCA,
10 and eliminate the account.

11 **6. Residential Disconnection Memorandum Account (RDMA)**

12 The RDMA is an interest-bearing memorandum account recorded on SoCalGas’s
13 financial statements. The purpose of this account is to record all incremental costs associated
14 with the Residential Disconnection Settlement Agreement approved in D.14-06-036. Details of
15 the costs are described in the Customer Services – Office Operations testimony of Bernardita
16 Sides (Ex. SCG-15). The balance as of March 31, 2022 is \$8 thousand undercollected. SoCalGas
17 proposes to amortize the balance as of December 31, 2023 in customer gas transportation rates,
18 and at the end of the amortization period, transfer any residual balances to the CFCA, and
19 eliminate the account.

20 **7. Wildfires Customer Protections Memorandum Account (WCPMA)**

21 The WCPMA is an interest-bearing memorandum account recorded on SoCalGas’s
22 financial statements. The purpose of this account is to record all incremental costs incurred by
23 SoCalGas associated with providing residential and non-residential emergency customer
24 protections as a result of the 2017 wildfires.¹⁹ Details of the costs are described in the Customer
25 Services – Office Operations testimony of Bernardita Sides (Ex. SCG-15). The balance as of
26 March 31, 2022 is \$0.1 million undercollected. SoCalGas proposes to amortize the balance as of
27 December 31, 2023 in customers’ gas transportation rates, and at the end of the amortization
28 period, transfer any residual balances to the CFCA and NFCA, and eliminate the account.

¹⁸ D.16-08-003 at 8 and OPs 1 and 4.

¹⁹ Resolutions M-4833 and M-4835.

1 **8. Assembly Bill 802 Memorandum Account (AB802MA)**

2 The AB802MA is an interest-bearing memorandum account recorded on SoCalGas’s
3 financial statements. The purpose of this account is to record the incremental costs associated
4 with complying with implementing the requirements of AB 802 to maintain and provide energy
5 usage data to building owners and/or their agents. Details of the costs requested for recovery in
6 this TY 2024 GRC are described in the Customer Services – Information testimony of Brian
7 Prusnek (Ex. SCG-16). The balance as of March 31, 2022 is \$0.6 million undercollected which
8 consists of \$1.2 million of O&M expenses, (\$0.6) million of capital-related costs, and (\$15)
9 thousand of interest. All costs related to AB 802 are included in this GRC and SoCalGas will
10 discontinue recording costs to the AB802MA upon implementation of the TY 2024 GRC
11 Decision in order to avoid double recovery. SoCalGas proposes to amortize the balance as of
12 December 31, 2023 in customer gas transportation rates, and at the end of the amortization
13 period, transfer any residual balances to the CFCA and NFCA and eliminate the account.

14 **9. Advanced Metering Infrastructure Balancing Account (AMIBA)**

15 The AMIBA is an interest-bearing balancing account recorded on SoCalGas’s financial
16 statements. The AMIBA contains three subaccounts: 1) Deployment Phase Cost Subaccount to
17 record the costs associated with AMI deployment activities, 2) Post-Deployment Phase Cost
18 Subaccount to record costs and benefits associated with AMI post-deployment activities, and 3)
19 Escalated Jurisdictions Cost Subaccount to record meter reading costs associated with
20 jurisdictions where the AMI network has not been deployed.

21 SoCalGas discontinued recording costs in the Deployment Phase Cost Subaccount and
22 the Post-Deployment Phase Cost Subaccount due to those costs being included in SoCalGas’s
23 TY 2019 GRC.²⁰ SoCalGas requested and received approval to amortize the balances in the
24 Deployment Phase Cost and Post-Deployment Phase Cost Subaccounts in rates effective January
25 1, 2022.²¹ Once amortized, SoCalGas will transfer any residual balance to the CFCA and
26 eliminate these two Subaccounts.

27 The balance of the Escalated Jurisdictions Cost Subaccount as of March 31, 2022 is \$0.8
28 million undercollected. Details of costs recorded to this subaccount are described in the

²⁰ See D.19-09-051 at 694.

²¹ See SoCalGas AL 5884-A, approved November 15, 2021 and effective January 1, 2022.

1 Customer Services-Field & AMI testimony of Dan Rendler (Ex. SCG-14). SoCalGas proposes to
2 amortize the balance as of December 31, 2023 in customer gas transportation rates, and at the
3 end of the amortization period, transfer any residual balance to the CFCA, and eliminate the
4 entire AMIBA as all subaccounts will be fully amortized.

5 **10. Line 1600 Records Audit Memorandum Account (L1600RAMA)**

6 The L1600RAMA is an interest-bearing memorandum account recorded on SoCalGas's
7 financial statements. The purpose of this account is to record costs associated with the audit of
8 gas pipeline Line 1600 records.²² The balance as of March 31, 2022 is \$0. As described in the
9 PSEP testimony of Norm Kohls (Ex. SDG&E-08) and Regulatory Accounts testimony of Jason
10 Kupfersmid (Ex. SDG&E-43), all costs related to the audit were incurred by SDG&E and
11 recorded in SDG&E's L1600RAMA. SoCalGas does not expect to incur any charges in its
12 L1600RAMA account going forward and SoCalGas proposes to eliminate the account.

13 **C. Continuation of Existing Regulatory Accounts**

14 SoCalGas is proposing a continuation of ratemaking treatment for each of the regulatory
15 accounts in this section.

16 **1. Pension Balancing Account (PBA) and Post-Retirement Benefits**
17 **Other Than Pension Balancing Account (PBOPBA)**

18 The purpose of the PBA is to balance the difference between the forecasted and actual
19 contributions to SoCalGas's pension fund. The purpose of the PBOPBA is to balance the annual
20 PBOP costs embedded in authorized rates with the lesser of (1) the PBOP costs calculated in
21 accordance with Accounting Standards Codification 715 or (2) actual tax-deductible
22 contributions to the PBOP trust. Forecasted pension and PBOP costs are discussed in the
23 Corporate Center – Pension & PBOP testimony of Peter H. Andersen (Ex. SCG-26).

24 These accounts consist of both O&M and capital components. The O&M component
25 reflects pension/PBOP costs adjusted for costs capitalized to utility rate base and intercompany
26 pension/PBOP costs billed by or charged to SoCalGas's affiliate companies. The capital
27 component reflects pension/PBOP costs recovered through depreciation, including the return
28 associated with the unamortized balance of pension/PBOP costs capitalized to utility rate base.

²² D.18-06-028 at 100 and OP 12.

1 Pursuant to authorization in D.09-09-011, SoCalGas annually amortizes its PBA and
2 PBOPBA balances as part of the annual regulatory account update advice letter filing. Detailed
3 workpapers, which include recorded information and forecast information based on the latest
4 actuarial studies, are included in connection with the annual regulatory account update filing.
5 SoCalGas proposes to continue the ratemaking treatment and annual recovery process for both
6 the PBA and PBOPBA.

7 **2. Research Royalties Memorandum Account (RRMA)**

8 The RRMA is an interest-bearing memorandum account recorded on SoCalGas's
9 financial statements. The purpose of the RRMA is to record ratepayers' share of revenues from
10 ratepayer-funded research programs. Pursuant to D.97-07-054, ratepayers are allocated 100% of
11 revenues from projects underway or completed prior to January 1, 1998 and 50% for projects
12 commencing between January 1, 1998 through December 31, 2007.²³ For projects commencing
13 on or after January 1, 2008 through December 31, 2011, a revenue sharing mechanism was
14 adopted that allocated 60% of revenues to ratepayers.²⁴ For projects commencing on or after
15 January 1, 2012 through present, a revenue sharing mechanism was approved that allocated 75%
16 of revenues to ratepayers.²⁵ SoCalGas proposes to continue the current sharing mechanism, i.e.,
17 75% to ratepayers and the remaining 25% to shareholders, to be recorded in the RRMA.

18 **3. New Environmental Regulatory Balancing Account (NERBA)**

19 The NERBA is an interest-bearing balancing account recorded on SoCalGas's financial
20 statements. The purpose of the account is to balance the difference between actual and
21 authorized incremental costs associated with certain new and proposed federal and state
22 environmental regulations.²⁶ The NERBA consists of five subaccounts: 1) AB 32 Administration
23 Fees Subaccount, 2) Subpart W Subaccount, 3) Municipal Separate Storm Sewer System (MS4)
24 Subaccount, 4) Leak Detection and Repair (LDAR) Subaccount, and 5) Natural Gas Leak

²³ D.97-07-054 (73 CPUC 2d 469) at Section 12.

²⁴ D.08-07-046 at Appendix 4, Settlement Agreement Regarding Southern California Gas Company Post-Test Year Ratemaking at 7.

²⁵ D.13-05-010 at 636.

²⁶ D.16-06-054 at 22-23.

1 Abatement Program (NGLAP) Subaccount.²⁷ Details of the costs recorded to these subaccounts
2 are discussed by the Environmental Services testimony of Al Garcia (Ex. SCG-20). SoCalGas
3 proposes to continue the ratemaking treatment for these five subaccounts for the TY 2024 GRC
4 cycle as follows: (1) the disposition of the AB 32 Administration Fees Subaccount, Subpart W
5 Subaccount, MS4 Subaccount, and LDAR Subaccount balances will be incorporated into
6 customer rates in connection with SoCalGas’s annual regulatory accounts update advice letter
7 filing, and (2) the revenue requirement and disposition for the NGLAP Subaccount are to be
8 determined in a separate Tier 3 advice letter process in compliance with D.17-06-015.²⁸

9 **4. Liability Insurance Premium Balancing Account (LIPBA)**

10 The LIPBA is an interest-bearing balancing account recorded on SoCalGas’s financial
11 statements. The purpose of the account is to balance the difference between the authorized
12 revenue requirement related to liability insurance premiums (LIP) charged to SoCalGas from
13 Corporate Center and the actual expenses incurred and charged to SoCalGas. Forecasted LIP
14 costs are discussed in the Corporate Center – Insurance testimony of Dennis Gaughan (Ex. SCG-
15 24).

16 These accounts consist of both O&M and capital components. The O&M component
17 reflects LIP costs adjusted for costs capitalized to utility rate base. The capital component
18 reflects LIP costs recovered through depreciation, including the return associated with the
19 unamortized balance of LIP costs capitalized to utility rate base, and taxes.

20 SoCalGas proposes to continue ratemaking treatment of LIP costs for the TY 2024 GRC
21 cycle as follows: 1) the LIPBA balance associated with LIP costs forecasted in Ex. SCG-24 is
22 incorporated into customer rates in connection with SoCalGas’s annual regulatory accounts
23 update advice letter filing, and 2) the LIP costs for additional liability insurance coverage not
24 requested in this GRC will be requested for recovery via a separate Tier 2 advice letter.

²⁷ See D.17-06-015 at 132 and OP 7; see also SoCalGas AL 5166, approved September 6, 2017 and effective July 17, 2017.

²⁸ See *Request for Extension of Time to Comply with Ordering Paragraph 12 of Decision 17-06-015*, Letter from CPUC Executive Director, Rachel Peterson, dated November 18, 2021, which grants delaying the inclusion of the Natural Gas Leak Abatement Program in SoCalGas’ next general rate case to the TY 2028 GRC.

1 **5. Transmission Integrity Management Program Balancing Account**
2 **(TIMPBA), Post-2011 Distribution Integrity Management Program**
3 **Balancing Account (DIMPBA), and Storage Integrity Management**
4 **Program Balancing Account (SIMPBA)**

5 The TIMPBA, DIMPBA, and SIMPBA are interest-bearing balancing accounts recorded
6 on SoCalGas’s financial statements. The purpose of these accounts is to balance the difference
7 between actual and authorized Integrity Management Program (IMP) costs for TIMP, DIMP, and
8 SIMP, respectively. These accounts consist of both O&M and capital components. The capital
9 component reflects IMP costs recovered through depreciation, return, and taxes associated with
10 the capitalized IMP costs. Details of the IMP costs are discussed in the Gas Integrity
11 Management Programs testimony of Amy Kitson and Travis Sera (Ex. SCG-09). A modification
12 to the calculation of IMP-related revenue requirement in the post-test years is discussed in the
13 Post-Test Year Ratemaking testimony of Khai Nguyen (Ex. SCG-40).

14 In D.19-09-051, the Commission approved the cost recovery mechanism proposed by
15 SoCalGas, which included a 35% threshold to differentiate filing a Tier 3 Advice Letter or
16 separate reasonableness review application to request recovery of an undercollected balance in
17 the respective balancing account. The threshold is calculated by multiplying 35% by the total
18 O&M and imputed capital expenditures authorized for the entire GRC cycle. For overspending
19 up to the 35% threshold, SoCalGas must file a Tier 3 Advice Letter to seek recovery of the
20 undercollected balance associated with expenditures up to the 35% threshold. For overspending
21 greater than or equal to the 35% threshold, SoCalGas must file a separate reasonableness review
22 application to request recovery. If SoCalGas has not overspent in excess of its total authorized
23 O&M and imputed capital expenditures for the GRC cycle, but an undercollection exists in the
24 balancing account due to compounding of the actual capital revenue requirements recorded to the
25 balancing account, SoCalGas will incorporate the undercollected balance in its annual regulatory
26 account update filing advice letter for recovery in the following year’s gas transportation rates. If
27 a net overcollection exists at the end of the GRC cycle, SoCalGas requests to refund the balance
28 in customers’ gas transportation rates in connection with its annual regulatory account update
29 filing. SoCalGas requests to continue this cost recovery mechanism for the TY 2024 GRC cycle.

30 **D. Modification of Existing Regulatory Accounts**

31 In this section, one regulatory account is listed with SoCalGas’s
32 proposed modifications for consideration.

1 **1. Pipeline Safety Enhancement Program Memorandum Account**
2 **(PSEPMA)**

3 The PSEPMA is an interest-bearing memorandum account recorded on SoCalGas’s
4 financial statements. The PSEPMA consists of two subaccounts: 1) PSEP-GRC Subaccount to
5 track overruns in excess of the amounts authorized in D.19-09-051, and 2) Line 44 Subaccount
6 to record costs related to Line 44-1008. SoCalGas proposes to modify the PSEPMA by
7 extending the PSEP-GRC Subaccount through the TY 2024 GRC cycle and eliminating the Line
8 44 Subaccount upon amortization of the balance in the subaccount.

9 The balance in the PSEP-GRC Subaccount as of March 31, 2022 is \$0. SoCalGas
10 proposes to continue the current ratemaking treatment of the PSEP-GRC Subaccount in order to
11 track any cost overruns in excess of the amounts authorized in this TY 2024 GRC.

12 The balance in the Line 44 Subaccount as of March 31, 2022 is \$2.8 million
13 undercollected. Details of costs related to the acquisition of Line 44-1008 are described in the
14 PSEP testimony of Bill Kostelnik (Ex. SCG-08). SoCalGas will continue to balance on-going
15 capital-related costs associated with these capital additions through December 31, 2023. Since
16 Line 44-1008 assets are proposed for inclusion in rate base as part of SoCalGas’ TY 2024 GRC,
17 SoCalGas will discontinue recording in the Line 44 Subaccount the capital-related costs
18 associated with these assets upon implementation of the TY 2024 GRC decision to avoid double
19 recovery of these costs. SoCalGas proposes to amortize the balance in the Line 44 Subaccount as
20 of December 31, 2023 in customers’ gas transportation rates, and at the end of the amortization
21 period, transfer any residual balances to the CFCA and NFCA. Upon amortization, SoCalGas
22 proposes to eliminate the Line 44 Subaccount.

23 **E. Creation of New Regulatory Accounts**

24 The following sections discusses five regulatory accounts proposed by SoCalGas in the
25 TY 2024 GRC.

26 **1. Facilities Integrity Management Program Balancing Account**
27 **(FIMPBA)**

28 SoCalGas proposes to create the FIMPBA as a two-way, interest-bearing balancing
29 account recorded on SoCalGas’s financial statements. The purpose of the FIMPBA is to record
30 the difference between the authorized revenue requirement to be adopted in the TY 2024 GRC
31 and actual expenses associated with the Facilities Integrity Management Program as sponsored

1 by the Gas Integrity Management Programs testimony of Amy Kitson and Travis Sera (Ex. SCG-
2 09) and Post-Test Year Ratemaking testimony of Khai Nguyen (Ex. SCG-40). SoCalGas
3 proposes to use the same cost recovery mechanism (i.e., a 35% of total authorized expenditures
4 threshold) as described above for the TIMPBA, DIMPBA, and SIMPBA and as approved in
5 D.19-09-051.

6 **2. Gas Safety Enhancement Programs Balancing Account (GSEPBA)**

7 SoCalGas proposes to create the GSEPBA as a two-way, interest-bearing balancing
8 account recorded on SoCalGas's financial statements. The purpose of this account is to record
9 the difference between the authorized revenue requirement to be adopted in this TY 2024 GRC
10 and actual expenses associated with new gas rules and regulations that are not recovered in any
11 other regulatory accounts and are incurred as of January 1, 2024, as sponsored in the Gas
12 Integrity Management Programs testimony of Amy Kitson and Travis Sera (Ex. SCG-09) and
13 Post-Test Year Ratemaking testimony of Khai Nguyen (Ex. SCG-40). SoCalGas proposes to use
14 the same cost recovery mechanism (i.e., 35% of total authorized expenditures threshold) as
15 described above for the TIMPBA, DIMPBA, and SIMPBA and as approved in D.19-09-051.

16 In part due to the Protecting our Infrastructure of Pipelines and Enhancing Safety
17 (PIPES) Act of 2020 and the resultant regulations that are expected to be issued by Pipeline and
18 Hazardous Materials Safety Administration (PHMSA) over the next few years, SoCalGas
19 requests to establish new subaccounts under the GSEPBA through the submission of a Tier 2
20 advice letter filing. As new gas rules and regulations become effective during the GRC cycle, the
21 ability to propose such modifications to the GSEPBA would allow for the tracking and
22 opportunity to request recovery of incremental compliance costs that cannot be delayed until
23 SoCalGas' next GRC cycle.

24 **3. Locate and Mark Balancing Account (LMBA)**

25 SoCalGas proposes to create the LMBA as a two-way, interest-bearing balancing account
26 recorded on SoCalGas' financial statements. The purpose of the LMBA is to record the
27 difference between the authorized revenue requirement to be adopted in the TY 2024 GRC and
28 actual expenses specific to locate and mark expenses as sponsored in the Gas Distribution
29 testimony of Mario Aguirre (Ex. SCG-04). SoCalGas proposes to amortize the balance in the
30 LMBA in customer gas transportation rates in connection with the annual regulatory account
31 update advice letter filing.

1 **4. Hydrogen Refueling Station Balancing Account (HRSBA)**

2 SoCalGas proposes to create the HRSBA as a two-way, interest-bearing balancing
3 account recorded on SoCalGas’ financial statements. The purpose of the HRSBA is to record the
4 O&M and revenue associated with the operation of utility-owned, public access hydrogen
5 refueling stations as sponsored in the Real Estate and Facility Operations testimony of Brenton
6 Guy (Exhibit SCG-19) and Clean Energy Innovations testimony of Armando Infanzon (Ex.
7 SCG-12).²⁹ SoCalGas proposes to amortize the balance in the HRSBA in customer gas
8 transportation rates in connection with the annual regulatory account update advice letter filing.

9 **5. Litigated Project Costs Memorandum Account (LPCMA)**

10 SoCalGas proposes to create the LPCMA as an interest-bearing memorandum account
11 recorded on SoCalGas’ financial statements. The purpose of the LPCMA is to record the capital-
12 related costs associated with projects that are intended to qualify as a collectible project to be
13 recovered from third-party customers (e.g., Contributions in Aid of Construction from a local
14 governmental entity) instead of ratepayers, but later are deemed by a court to be non-collectible
15 from third-party customers. Such a situation may arise in the context of utility disputes with
16 public entities over who should pay for the relocation of utility facilities necessitated by
17 municipal or other public entity projects, such as water, sewer or transit projects. For instance,
18 while the utility may argue in a litigated proceeding that the public entity should bear the
19 relocation costs, courts may rule otherwise.

20 If a court rules that a utility must bear the costs of the activity – effectively deeming the
21 costs as non-collectible – SoCalGas will record to the LPCMA any historical capital-related
22 costs (i.e., depreciation, return, and taxes) based on the timing of when the project went into
23 service, no earlier than the effective date of SoCalGas’s TY 2024 GRC Decision. For example, if
24 a court rules a project is non-collectible in late 2024 and it had gone into service in 2023, capital-
25 related costs would be recorded to the LPCMA as of January 1, 2024, or the effective date of the
26 TY 2024 GRC.

27 Memorandum account treatment for these costs is reasonable and just as it will allow
28 SoCalGas the opportunity to litigate, where appropriate, whether the third-party customer should

²⁹ Revenues will include hydrogen retail rates charged at utility-owned, public access hydrogen refueling stations. The cost structure for the new hydrogen retail rates will be detailed in the upcoming SoCalGas Triennial Cost Allocation Proceeding.

1 bear the costs at issue, while preserving the ability to later seek recovery of the incremental
2 capital-related costs from ratepayers associated with projects that can no longer be collected
3 from a third-party customer, if the litigation proves unsuccessful. The costs to be recorded in this
4 memorandum account meet the definition of incremental cost because these projects would not
5 have been forecasted as part of ratepayer-funded capital projects in a prior GRC since these
6 projects would have initially been considered collectible from a third-party customer. The
7 memorandum account will only track the capital-related costs until the project can be included in
8 rate base in a future GRC. Furthermore, the memo account allows the CPUC the opportunity to
9 review and provide approval of the costs prior to inclusion in customers' gas transportation rates.
10 Any costs recorded to the LPCMA will be subject to a reasonableness review in a future GRC
11 application or other applicable proceeding.

12 Additional information related to the project costs eligible for recordation in the LPCMA
13 is discussed in the Gas Distribution testimony of Mario Aguirre (Ex. SCG-04) and the Gas
14 Transmission Operations & Construction testimony of Rick Chiapa, Steve Hruby, and Aaron
15 Bell (Ex. SCG-06).

16 **F. Informational Discussion of Other Regulatory Accounts**

17 The following sections do not include any proposals for approval within this testimony.
18 Instead, proposals related to the accounts in this section are addressed in other witness testimony.
19 Additional discussion included herein is for informational purposes only.

20 **1. Tax Memorandum Account (TMA)**

21 The TMA is an interest-bearing memorandum account that is not recorded on SoCalGas'
22 financial statements. The purpose of the TMA is to track revenue differences resulting from the
23 income tax expense approved in SoCalGas's 2019 GRC and actual tax expense incurred during
24 the TY 2019 GRC period of January 1, 2019 through December 31, 2023.³⁰ Details and
25 proposals related to the TMA are discussed in the Tax testimony of Ragan Reeves (Ex. SCG-33).

26 **2. Compression Services Balancing Account (CSBA), Biogas** 27 **Conditioning-Upgrading Services Balancing Account (BCSBA), and** 28 **Distributed Energy Resources Service Balancing Account (DERSBA)**

29 Pursuant to D.12-12-037, D.13-12-040, and D.15-10-049, SoCalGas established three
30 new tariffed services for compression services, biogas conditioning/upgrading services, and

³⁰ D.16-06-054 at 196 and OP 4.

1 distributed energy resources (DER) services to be offered to individual participating customers,
2 each with a corresponding balancing account.³¹ The purpose of these balancing accounts is to
3 record the ratepayer-funded costs authorized and embedded in the GRC that are also used in
4 providing each of these tariffed services that are subsequently recovered from these participating
5 customers.

6 To the extent embedded costs are used in providing compression, biogas
7 conditioning/upgrading, and DER services and were included in the cost estimates covered by
8 other SoCalGas witness areas that are eventually adopted in the TY 2024 GRC, those costs will
9 be recorded to the CSBA, BCSBA, and DERSBA, respectively, for refund to ratepayers, as
10 applicable. This treatment is necessary so that the costs are not double recovered from the
11 participating compression, biogas, and DER customers and SoCalGas' non-participating
12 ratepayers. The disposition of the CSBA, BCSBA, and DERSBA balances are incorporated into
13 customer rates in connection with SoCalGas's annual regulatory accounts balance update filing.

14 **3. Master Meter Balancing Account (MMBA)**

15 The MMBA is an interest-bearing balancing account recorded on SoCalGas' financial
16 statements. The purpose of the MMBA is to record the incremental costs associated with the
17 conversion of master-metered service at mobilehome parks to direct utility service as part of a
18 three-year pilot program authorized by the Commission in D.14-03-021 and later extended in
19 D.20-04-004.³² Since all "to the meter" (TTM) assets placed into service through December 31,
20 2021 are proposed for inclusion in rate base as part of SoCalGas's TY 2024 GRC, SoCalGas will
21 discontinue recording in the MMBA the capital-related costs associated with these assets upon
22 implementation of the TY 2024 GRC Decision to avoid double recovery. Capital-related costs
23 associated with TTM assets placed in service after December 31, 2021 will continue to be
24 balanced in the MMBA.

25 **4. Officer Compensation Memorandum Account (OCMA)**

26 The OCMA is a tracking account that is not recorded on SoCalGas' financial statements.
27 Pursuant to Senate Bill 901, Public Utilities Code Section 706, and Resolution E-4963, the
28 OCMA was established to track compensation for SoCalGas officers to be paid solely by

³¹ The Commission's approval of Advice Letter numbers 4459-G, 4583-G, and 4918-G authorized the creation of the CSBA, BCSBA, and DERSBA, respectively.

³² D.20-04-004 at 6 and 124.

1 shareholders. The OCMA is to be closed at the direction of the Commission.³³ Absent any
2 orders from the Commission, SoCalGas will continue to use the OCMA to track compensation
3 for its officers.

4 **5. Gas Rules & Regulations Memorandum Account (GRRMA)**

5 SoCalGas currently has an application, A.22-05-005, pending with the Commission to
6 request creation of the GRRMA. The GRRMA is proposed to be an interest-bearing
7 memorandum account that will track the 2021-2023 incremental revenue requirement associated
8 with certain amendments by the Pipeline and Hazardous Materials Safety Administration
9 (“PHMSA”) to (1) 49 C.F.R. Parts 191, 192, Pipeline Safety: Safety of Gas Transmission and
10 Gathering Pipelines and (2) 49 C.F.R. Parts 192, 195, Pipeline Safety: Valve Installation and
11 Minimum Rupture Detection Standards. This TY 2024 GRC includes forecasted capital
12 expenditures that are proposed to be tracked in the GRRMA for the years 2022-2023.³⁴ If the
13 Commission approves creation of the GRRMA and the 2022-2023 capital expenditure forecast is
14 approved in the TY 2024 GRC, SoCalGas will discontinue recording revenue requirement in the
15 GRRMA as of December 31, 2023 to avoid double recovery. SoCalGas will seek recovery of
16 the balance in the GRRMA in a future GRC, or other applicable proceeding.

17 **III. CONCLUSION**

18 The ratemaking treatment for the regulatory accounts discussed above is reasonable and
19 should be adopted as proposed, subject to any necessary Commission determination of the
20 underlying programs as sponsored by the various witnesses referenced throughout this testimony.

21 This concludes my revised prepared direct testimony.

³³ See Resolution E-4963 at 10, Appendix A, *Sample Preliminary Statement for Officer Compensation Memorandum Account (OCMA)*.

³⁴ Exhibit SCG-09-CWP.

1 **IV. WITNESS QUALIFICATIONS**

2 My name is Rae Marie Q. Yu. I am employed by SoCalGas. My business address is 555
3 West Fifth Street, Los Angeles, California, 90013-1011. I am currently the Regulatory Accounts
4 Manager of the Regulatory Accounts group within the Accounting and Finance Department. I am
5 responsible for managing SoCalGas' authorized regulatory balancing, tracking, and
6 memorandum accounts. My responsibilities include: implementation of regulatory accounting
7 procedures for compliance with Commission directives; quantifying and recording the monthly
8 entries and adjustments to the Commission-authorized regulatory account mechanisms; and
9 managing the general administration of SoCalGas' authorized regulatory accounts. Previous to
10 this role, I held various positions within the Accounting and Finance Department. I received my
11 Bachelor of Science degree in Accounting from San Diego State University in 2007. I am also a
12 Certified Public Accountant. I began my employment with SoCalGas in 2007 in the Accounting
13 and Finance Department where I have held various positions of increasing responsibility in
14 Accounts Payable, Plant Accounting, Business Controls, Regulatory Accounts, Fixed Assets, and
15 Operational Planning before assuming my current position.

16 I have previously testified before the California Public Utilities Commission.

APPENDIX A
GLOSSARY OF TERMS

APPENDIX A – GLOSSARY OF TERMS

Acronym	Definition
AB	Assembly Bill
AB802MA	Assembly Bill 802 Memorandum Account
ACCUMA	Avoided Cost Calculator Update Memorandum Account
ACMA	Aliso Canyon Memorandum Account
ACTR	Aliso Canyon Turbine Replacement
AL	Advice Letter
AMI	Advanced Metering Infrastructure
AMIBA	Advanced Metering Infrastructure Balancing Account
BCSBA	Biogas Conditioning/Upgrading Services Balancing Account
CCPAMA	California Consumer Privacy Act Memorandum Account
CFCA	Core Fixed Cost Account
CGBMA	Core Gas Balancing Memorandum Account
CPUC	California Public Utilities Commission
CSBA	Compression Services Balancing Account
DER	Distributed Energy Resources
DBPMA	Dairy Biomethane Program Memorandum Account
DBSDMA	Dairy Biomethane Solicitation Development Memorandum Account
DER	Distributed Energy Resources
DERSBA	Distributed Energy Resources Services Balancing Account
DIMPBA	Post-2011 Distribution Integrity Management Program Balancing Account
ECPMA	Emergency Customer Protections Memorandum Account
FIMPBA	Facilities Integrity Management Program Balancing Account
GRC	General Rate Case
GRRMA	Gas Rules & Regulations Memorandum Account
GSEPBA	Gas Safety Enhancement Programs Balancing Account
HRSBA	Hydrogen Refueling Station Balancing Account
IECMA	Injection Enhancement Cost Memorandum Account

Acronym	Definition
IMP	Integrity Management Program
L1600RAMA	Line 1600 Records Audit Memorandum Account
LDAR	Leak Detection and Repair
LIP	Liability Insurance Premiums
LIPBA	Liability Insurance Premium Balancing Account
LMBA	Locate and Mark Balancing Account
LPCMA	Litigated Project Costs Memorandum Account
MMBA	Master Meter Balancing Account
MROWMA	Morongo Rights of Way Memorandum Account
MS4	Municipal Separate Storm Sewer System
NERBA	New Environmental Regulation Balancing Account
NFCA	Noncore Fixed Cost Account
NGLAP	Natural Gas Leak Abatement Program
NGLAPMA	Natural Gas Leak Abatement Program Memorandum Account
O&M	Operations & Maintenance
OCMA	Officer Compensation Memorandum Account
PBA	Pension Balancing Account
PBOP	Post-retirement Benefits Other than Pension
PBOPBA	Post-Retirement Benefits Other than Pension Balancing Account
PHMSA	Pipeline and Hazardous Materials Safety Administration
PIPES	Protecting our Infrastructure of Pipelines and Enhancing Safety
PSEP	Pipeline Safety Enhancement Plan
PSEPMA	PSEP Memorandum Account
PSEP-P2MA	PSEP-Phase 2 Memorandum Account
RD&D	Research, development, and demonstration
RDDEA	Research, Development, and Demonstration Expense Account
RDMA	Residential Disconnect Memorandum Account
RDPMA	Residential Disconnection Protections Memorandum Account
RRMA	Research Royalties Memorandum Account

Acronym	Definition
SDG&E	San Diego Gas & Electric Company
SECCBA	Safety Enhancement Capital Cost Balancing Account
SEEBA	Safety Enhancement Expense Balancing Account
SIMPBA	Storage Integrity Management Program Balancing Account
SoCalGas	Southern California Gas Company
TIMPBA	Transmission Integrity Management Program Balancing Account
TMA	Tax Memorandum Account
TTM	To The Meter
TY	Test Year
WCPMA	Wildfire Customer Protections Memorandum Account

APPENDIX B

CHART OF TEST YEAR 2024 REGULATORY ACCOUNT PROPOSALS

APPENDIX B – Chart of Test Year 2024 Regulatory Account Proposals

Line	Regulatory Account (SoCalGas)	Balancing/Memo	1 or 2-Way	Proposal	Sponsoring Witness
1	AB802MA	Memo	N/A	Amortize/Close	Brian Prusnek – Customer Services - Information (Exhibit SCG-16)
2	ACCUMA	Memo	N/A	Amortize/Continue	Brian Prusnek – Customer Services - Information (Exhibit SCG-16)
3	ACMA	Memo	N/A	Amortize/Close	Larry Bittleston/Steve Hruby - Gas Storage Operations and Construction (Exhibit SCG-10)
4	AMIBA (Escalated Jurisdictions Subaccount)	Balancing	2-Way	Amortize/Close	Dan Rendler - Customer Services - Filed & Advanced Meter Operations (Exhibit SCG-14)
5	CCPAMA	Memo	N/A	Amortize/Continue	Bernardita Sides - Customer Services - Office Operations (Exhibit SCG-15)
6	CGBMA	Memo	N/A	Amortize/Close	Dan Rendler - Customer Services - Filed & Advanced Meter Operations (Exhibit SCG-14)
7	CSBA/BCSBA/DERSBA	Balancing	2-Way	Informational Only	N/A
8	DBPMA	Memo	N/A	Amortize/Continue	Bill Kostelnik - PSEP (Exhibit SCG-08)
9	DBSDMA	Memo	N/A	Amortize/Close	Armando Infanzon - Clean Energy Innovations (Exhibit SCG-12)
10	DIMPBA	Balancing	2-Way	Continue	Amy Kitson/Travis Sera - Gas Integrity Management Programs (Exhibit SCG-09); Khai Nguyen - Post-Test Year Ratemaking (Exhibit SCG-40)
11	ECPMA	Memo	N/A	Amortize/Continue	Bernardita Sides - Customer Services - Office Operations (Exhibit SCG-15)
12	FIMPBA	Balancing	2-Way	Create	Amy Kitson/Travis Sera - Gas Integrity Management Programs (Exhibit SCG-09); Khai Nguyen - Post-Test Year Ratemaking (Exhibit SCG-40)
13	GRRMA	Memo	N/A	Informational	Amy Kitson/Travis Sera - Gas Integrity Management Programs (Exhibit SCG-09)
14	GSEPBA	Balancing	2-Way	Create	Amy Kitson/Travis Sera - Gas Integrity Management Programs (Exhibit SCG-09); Khai Nguyen - Post-Test Year Ratemaking (Exhibit SCG-40)
15	HRSBA	Balancing	2-Way	Create	Armando Infanzon - Clean Energy Innovations (Exhibit SCG-12) Brenton Guy – Real Estate & Facility Operations

Line	Regulatory Account (SoCalGas)	Balancing/Memo	1 or 2-Way	Proposal	Sponsoring Witness
					(Exhibit SCG-19)
16	IECMA	Memo	N/A	Amortize/Close	Martin Lazarus - Gas Acquisition (Exhibit SCG-11)
17	L1600RAMA	Memo	N/A	Close	Norm Kohls - PSEP (Exhibit SDG&E-08)
18	LIPBA	Balancing	2-Way	Continue	Dennis Gaughan - Corporate Center-Insurance (Exhibit SCG-24)
19	LMBA	Balancing	2-Way	Create	Mario Aguirre - Gas Distribution (Exhibit SCG-04)
20	LPCMA	Memo	N/A	Create	Mario Aguirre - Gas Distribution (Exhibit SCG-04) Rick Chiapa, Steve Hruby, Aaron Bell – Gas Transmission Operations & Construction (Exhibit SCG-06)
21	MMBA	Balancing	2-Way	Informational Only	N/A
22	MROWMA	Memo	N/A	Amortize/Continue	Maria Martinez - Gas Engineering (Exhibit SCG-07)
23	NERBA	Balancing	2-Way	Continue	Al Garcia -Environmental Services (Exhibit SCG-20)
24	NGLAPMA	Memo	N/A	Amortize/Continue	Wallace Rawls - Gas System Staff & Technology (Exhibit SCG-05)
25	OCMA	Memo	N/A	Informational Only	N/A
26	PBA	Balancing	2-Way	Continue	Peter H. Andersen - Corporate Center-Pension & PBOP (Exhibit SCG-26)
27	PBOPBA	Balancing	2-Way	Continue	Peter H. Andersen - Corporate Center-Pension & PBOP (Exhibit SCG-26)
28	PSEPMA (Line 44 Subaccount)	Memo	N/A	Amortize/Close	Bill Kostelnik - PSEP (Exhibit SCG-08)
29	PSEPMA (PSEP-GRC Subaccount)	Memo	N/A	Continue	Bill Kostelnik - PSEP (Exhibit SCG-08)
30	PSEP-P2MA	Memo	N/A	Amortize/Close	Bill Kostelnik - PSEP (Exhibit SCG-08)
31	RDDEA	Memo	1-Way	Amortize/Continue	Armando Infanzon - Clean Energy Innovations (Exhibit SCG-12)
32	RDMA	Memo	N/A	Amortize/Close	Bernardita Sides - Customer Services - Office Operations (Exhibit SCG-15)
33	RDPMA	Memo	N/A	Amortize/Continue	Bernardita Sides - Customer Services - Office Operations (Exhibit SCG-15)
34	RRMA	Memo	N/A	Continue	Armando Infanzon - Clean Energy Innovations (Exhibit SCG-12)
35	SECCBA	Balancing	2-Way	Amortize/Continue	Bill Kostelnik - PSEP (Exhibit SCG-08)

Line	Regulatory Account (SoCalGas)	Balancing/Memo	1 or 2- Way	Proposal	Sponsoring Witness
36	SEEBA	Balancing	2-Way	Amortize/Continue	Bill Kostelnik - PSEP (Exhibit SCG-08)
37	SIMPBA	Balancing	2-Way	Continue	Amy Kitson/Travis Sera - Gas Integrity Management Programs (Exhibit SCG-09); Khai Nguyen - Post-Test Year Ratemaking (Exhibit SCG-40)
38	TIMPBA	Balancing	2-Way	Continue	Amy Kitson/Travis Sera - Gas Integrity Management Programs (Exhibit SCG-09); Khai Nguyen - Post-Test Year Ratemaking (Exhibit SCG-40)
39	TMA	Memo	N/A	Informational Only	Ragan Reeves - Tax (Exhibit SCG-33)
40	WCPMA	Memo	N/A	Amortize/Close	Bernardita Sides - Customer Services - Office Operations (Exhibit SCG-15)