Application No: A.13-12-013
Exhibit No.: 
Witness: S. Nasim Ahmed

Application of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) For Authority To Recover North-South Project Revenue Requirement In Customer Rates And For Approval Of Related Cost Allocation And Rate Design Proposals

A.13-12-013
(Filed December 20, 2013)

UPDATED DIRECT TESTIMONY OF

S. NASIM AHMED

SAN DIEGO GAS & ELECTRIC COMPANY

AND

SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

November 12, 2014
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I. PURPOSE

The purpose of my direct testimony on behalf of Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) is to propose: (1) a new SoCalGas North-South Infrastructure Memorandum Account (NSIMA); and (2) an amortization methodology of the NSIMA for recovery in rates.

II. ESTABLISHMENT OF NSIMA

SoCalGas proposes to establish the NSIMA as an interest-bearing memorandum account recorded on SoCalGas’ financial statements for the following three purposes:

The first purpose is to record operations and maintenance (O&M) expenses for the North-South Project (Project). The testimony of Mr. Buczkowski discusses the costs to complete the Project including projected O&M expenses related to office space and other office related matters. The NSIMA will record actual O&M expenses incurred to complete the Project for recovery in rates upon Commission approval.

The second purpose relates to the timing between when the capital assets of the Project are placed into service and the date the revenue requirement is incorporated into rates. As addressed in the testimony of Mr. Yee, upon completion of the Project, SoCalGas will compute the revenue requirement based on actual costs and file an advice letter requesting incorporation of the revenue requirement in rates. As such, there will be a difference in timing between when the entire project is completed and placed into service and when the recovery of the revenue requirement in rates begins. In addition, it is possible that a segment of the Project could be completed and placed into operation prior to completion of all other segments of the Project. To account for this difference in timing (i.e., the difference between when the Project or portion
thereof is placed into service and when the revenue requirement on the capital asset is recovered
in rates), the NSIMA will record capital-related costs (i.e., depreciation, taxes, and return) on the
capital expenditures associated with the Project approved in this proceeding for the period from
the date the assets are completed and placed into service and the date of the recovery of the
revenue requirement in rates begins.

The third purpose is to record incremental O&M expenses to be incurred subsequent to
completion of the Project. The testimony of Mr. Buczkowski indicates that SoCalGas will incur
ongoing incremental O&M expenses on pipeline operations and compliance activities and
operating and maintaining the compressor station as a result of the Project. As these ongoing
incremental O&M expenses will not be included in revenue requirement, the NSIMA will record
the ongoing incremental O&M expenses for recovery in rates until these costs are included in a
test year of a General Rate Case (GRC).

III. RATE RECOVERY OF NSIMA BALANCE

As discussed in the testimony of Mr. Bonnett, SoCalGas proposes to allocate the revenue
requirement for the Project to the Backbone Transportation Service (BTS) rates. Consistent with
that proposal, once SoCalGas has been authorized to recover the NSIMA balance from
customers, SoCalGas proposes to amortize the NSIMA in BTS rates in connection with
SoCalGas’ annual regulatory account balance update filings for rates effective January 1st of the
following year. This process will continue until the revenue requirement and incremental O&M
costs from this project are included in the test year of a GRC. Any residual balance after
incorporation in the GRC will be transferred to the Backbone Transmission Balancing Account
and the NSIMA will be eliminated.
IV. QUALIFICATIONS

My name is S. Nasim Ahmed. I am employed by SoCalGas. My business address is 555 West Fifth Street, Los Angeles, California 90013-1011. I am the Principal Regulatory Accounts Advisor in the Regulatory Accounts group within Accounting and Finance Department which supports regulatory activities of SoCalGas. I have held my current position since October 2002. My responsibilities for SoCalGas’ regulatory balancing, tracking, and memorandum accounts includes implementation of regulatory accounting procedures for compliance with Commission decisions, quantifying and recording the monthly entries and adjustments to the regulatory accounts, and preparing forecasted balances for regulatory accounts for inclusion in SoCalGas’ annual compliance filings.

I received my Bachelor of Science degree in Accounting from California State University, Long Beach in 1987. I began my employment at Pacific Lighting Corporation, then the parent company of SoCalGas, in 1987 in the Internal Audit Department. I have held various positions of increasing responsibility in Internal Audit, General Accounting, and Utility Regulatory Accounting before assuming my current position.

This concludes my updated prepared direct testimony.