

Application No: A.17-05-
Exhibit No.: _____
Witness: M. Schmidt-Pines

Application of Southern California Gas Company
(U 904-G) for Approval To Extend the
Mobilehome Park Utility Upgrade Program.

Application 17-05-_____
(Filed May 5, 2017)

CHAPTER 6
GAS RATES IMPACTS
PREPARED DIRECT TESTIMONY OF
MARJORIE SCHMIDT-PINES
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

May 5, 2017

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1 **I. PURPOSE OF TESTIMONY**

2 The purpose of my prepared direct testimony on behalf of Southern California Gas
3 Company (“SoCalGas”) is to: (1) sponsor the cost allocation and recovery of natural gas costs
4 associated with the Mobile Home Park (“MHP”) Utility Upgrade Program (“MHP Program”)
5 proposed in this Application; (2) present a summary of the gas transportation rate changes; and
6 (3) present an estimate of the residential customer bill impact. The MHP Program is a six-year
7 extension (i.e., Years 2018 through 2023) of the three-year pilot program authorized by Decision
8 (“D.”) 14-03-021, in which the California Public Utilities Commission (“Commission”)
9 approved the pilot program to incentivize mobilehome parks and manufactured housing
10 communities with master-metered natural gas and electricity to transfer to direct utility service.

11 **II. COST ALLOCATION**

12 SoCalGas proposes the continuation of the cost allocation methodology of Equal
13 Percentage of Authorized Margin (“EPAM”) set forth in D.14-03-021 for costs associated with
14 the MHP Program. As discussed in the Chapter 4 prepared direct testimony of Reginald Austria,
15 SoCalGas’ natural gas costs associated with the MHP Program will be recorded in SoCalGas’
16 Master Meter Balancing Account (“MMBA”) and incorporated in natural gas transportation rates
17 in its annual October regulatory account update filing for rate effective January 1st of the
18 following year.

19 **III. NATURAL GAS RATE IMPACTS**

20 The following table shows current and proposed gas transportation rates by major
21 customer class due to the recovery of costs associated with the MHP Program. The rates shown
22 are based on the forecasted revenue requirement provided in the Chapter 5 prepared direct
23 testimony of Karen Chan and Ramon Gonzales. As Ms. Chan and Mr. Gonzales explain, the
24 revenue requirement to be ultimately collected in rates will be trued-up for actual costs via the
25 MMBA. Other rate components, such as gas commodity cost and Public Purpose Program
26 (“PPP”) surcharge, would remain unchanged based on this Application and, therefore, have been
27 held constant for the present versus proposed rate comparison.

28 Both the current and proposed transportation rates reflect the allocation of costs and sales
29 volumes adopted in SoCalGas’ most recent 2016 Triennial Cost Allocation Proceeding decision

1 and implemented on January 1, 2017.¹ For illustrative purposes, the commodity price and PPP
 2 surcharge reflected in these tables also reflect those in effect on January 1, 2017.² Tables SCG-
 3 1A and SCG-1B show the transportation rate impacts if Southern California Edison (“SCE”)
 4 participates in the program and shares certain costs, such as trenching costs, with SoCalGas.
 5 SoCalGas has estimated increases in annual revenue requirements of \$0.5 million in 2018, \$3.9
 6 million in 2019, \$12.5 million in 2020, \$22.5 million in 2021, \$32.4 million in 2022 and \$40.3
 7 million in 2023. Tables SCG-2A and SCG-2B show the rate impacts if SCE does not participate
 8 in the program and SoCalGas incurs all costs. Under the scenario that SCE does not share in the
 9 costs, SoCalGas’ annual revenue requirement increases would be \$0.5 million, \$4.2 million,
 10 \$13.9 million, \$25.3 million, \$36.5 million and \$45.4 million, respectively, in 2018, 2019, 2020,
 11 2021, 2022 and 2023.

TABLE SCG-1A
SOCALGAS RATE AND RESIDENTIAL BILL IMPACTS with
SOCALGAS sharing costs (e.g. trenching) with SCE

	2018		2019		2020		
	Current Rate \$/th	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate
	A	B	C	D	E	F	G
Residential	\$0.722	\$0.722	0%	\$0.723	0%	\$0.726	1%
Core C/I	\$0.296	\$0.296	0%	\$0.296	0%	\$0.297	1%
Natural Gas Vehicles	\$0.150	\$0.150	0%	\$0.150	0%	\$0.150	0%
NonCore C/I - Distribution	\$0.070	\$0.070	0%	\$0.070	0%	\$0.071	0%
Electric Generation - Distribution	\$0.065	\$0.065	0%	\$0.065	0%	\$0.065	1%
Transmission Level Service	\$0.016	\$0.016	0%	\$0.016	0%	\$0.016	0%

¹ See D.16-10-004.

² SCG Advice Letter Nos. 5077 and 5053 for the commodity and PPP charges, respectively.

**TABLE SCG-1B
SOCALGAS RATE AND RESIDENTIAL BILL IMPACTS with
SOCALGAS sharing costs (e.g. trenching) with SCE**

	2021		2022		2023		
	Current Rate \$/th	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate
	A	B	C	D	E	F	G
Residential	\$0.722	\$0.729	1%	\$0.732	1%	\$0.737	2%
Core C/I	\$0.296	\$0.299	1%	\$0.300	1%	\$0.302	2%
Natural Gas Vehicles	\$0.150	\$0.151	1%	\$0.152	1%	\$0.152	2%
NonCore C/I - Distribution	\$0.070	\$0.071	1%	\$0.071	1%	\$0.071	2%
Electric Generation - Distribution	\$0.065	\$0.065	1%	\$0.066	2%	\$0.066	2%
Transmission Level Service	\$0.016	\$0.016	1%	\$0.016	1%	\$0.016	2%

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**TABLE SCG-2A
SOCALGAS RATE AND RESIDENTIAL BILL IMPACTS with
SOCALGAS incurring all costs (e.g. trenching)**

	2018		2019		2020		
	Current Rate \$/th	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate
	A	B	C	D	E	F	G
Residential	\$0.722	\$0.723	0%	\$0.723	0%	\$0.726	1%
Core C/I	\$0.296	\$0.296	0%	\$0.296	0%	\$0.298	1%
Natural Gas Vehicles	\$0.150	\$0.150	0%	\$0.150	0%	\$0.151	0%
NonCore C/I - Distribution	\$0.070	\$0.070	0%	\$0.070	0%	\$0.071	1%
Electric Generation - Distribution	\$0.065	\$0.065	0%	\$0.065	0%	\$0.065	1%
Transmission Level Service	\$0.016	\$0.016	0%	\$0.016	0%	\$0.016	0%

**TABLE SCG-2B
SOCALGAS RATE AND RESIDENTIAL BILL IMPACTS
with SOCALGAS incurring all costs (e.g. trenching)**

	2021		2022		2023		
	Current Rate \$/th	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate
	A	B	C	D	E	F	G
Residential	\$0.722	\$0.730	1%	\$0.734	2%	\$0.737	2%
Core C/I	\$0.296	\$0.299	1%	\$0.301	2%	\$0.302	2%
Natural Gas Vehicles	\$0.150	\$0.151	1%	\$0.152	1%	\$0.152	2%
NonCore C/I - Distribution	\$0.070	\$0.071	1%	\$0.071	2%	\$0.071	2%
Electric Generation - Distribution	\$0.065	\$0.065	1%	\$0.066	2%	\$0.066	2%
Transmission Level Service	\$0.016	\$0.016	1%	\$0.016	1%	\$0.016	2%

IV. RESIDENTIAL CUSTOMER BILL IMPACTS

The following table provides the estimates of a residential bundled customer average monthly gas bill for commodity and transportation costs. This estimate is based on the average residential customer usage of 35 therms per month.

As shown on Tables SCG-3 (SCE participates and shares in the program costs) and SCG-4 (SCE does not participate) below, the bill amount for the average customer that uses an average of 35 therms per month would increase by \$0.00 in 2018 to \$0.53 per month in 2023, or 0% to 1%.

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TABLE SCG-3
 Southern California Gas
 Typical Monthly Residential Gas Bill at Present and Proposed Rates with
 SOCALGAS sharing costs (e.g. trenching) with SCE
 Mobile Home Park Utility Upgrade Program

Typical Usage	Average Monthly Bill Present	2018 Proposed	Change \$	%	2019 Proposed	Change \$	%	2020 Proposed	Change \$	%
35	\$43.24	\$43.24	(\$0.00)	0%	\$43.28	\$0.04	0%	\$43.38	\$0.14	0%

Typical Usage	Average Monthly Bill Present	2021 Proposed	Change \$	%	2022 Proposed	Change \$	%	2023 Proposed	Change \$	%
35	\$43.24	\$43.50	\$0.26	1%	\$43.61	\$0.37	1%	\$43.77	\$0.53	1%

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TABLE SCG-4
 Southern California Gas
 Typical Monthly Residential Gas Bill at Present and Proposed Rates with
 SOCALGAS incurring all costs, e.g. trenching
 Mobile Home Park Utility Upgrade Program

Typical Usage	Average Monthly Bill Present	2018 Proposed	Change \$	%	2019 Proposed	Change \$	%	2020 Proposed	Change \$	%
35	\$43.24	\$43.28	\$0.04	0%	\$43.28	\$0.04	0%	\$43.40	\$0.16	0%

Typical Usage	Average Monthly Bill Present	2021 Proposed	Change \$	%	2022 Proposed	Change \$	%	2023 Proposed	Change \$	%
35	\$43.24	\$43.53	\$0.29	1%	\$43.66	\$0.42	1%	\$43.77	\$0.53	1%

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This concludes my prepared direct testimony.

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1 **V. STATEMENT OF QUALIFICATIONS**

2 My name is Marjorie A. Schmidt-Pines. My business address is 555 West Fifth Street,
3 Los Angeles, California, 90013-1011. I am employed by the Southern California Gas Company
4 (SoCalGas) as a Principal Regulatory Economic Advisor in the CPUC/FERC Gas Regulatory
5 Affairs Department for SoCalGas and SDG&E.

6 I hold a Bachelor of Science degree in Business Administration and Accounting from
7 California State University at Northridge, California. I have been employed by SoCalGas since
8 1981, and have held positions of responsibilities as an Accountant and Senior Accountant in the
9 Accounting & Finance department, as an Analyst and a Budget Coordinator in the Gas Supply
10 department, and as a Market Advisor for the Marketing and Customer Services departments. I
11 have been in my current position since September 2009.

12 As Principal Regulatory Economic Advisor, I support the gas transportation rates for both
13 SoCalGas and for SDG&E. This includes allocating authorized revenue requirements to
14 customer rate classes, developing the design of the rate for each class, and computing the impact
15 on customers' monthly bills.

16 I have previously testified before the Commission.