

Application No: A.19-11-
Exhibit No.: _____
Witness: Reginald M. Austria

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 2
2020 FLEX ALERT MARKETING CAMPAIGN
PREPARED DIRECT TESTIMONY OF
REGINALD M. AUSTRIA
ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY

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

November 22, 2019

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1 **DIRECT TESTIMONY OF REGINALD M. AUSTRIA**

2 **I. OVERVIEW AND PURPOSE**

3 The purpose of my prepared direct testimony on behalf of Southern California Gas
4 Company (SoCalGas) is to sponsor the regulatory accounting treatment and recovery of costs
5 associated with SoCalGas’ 2020 Flex Alert Marketing Campaign as described in Chapter 1,
6 Direct Testimony of Toni Mathews, along with the disposition of the balances recorded in its
7 existing Flex Alert Account related to the 2018 and estimated 2019 Flex Alert marketing
8 campaigns component recorded in the Marketing Education and Outreach Memorandum
9 Account (MEOMA).

10 **II. COST RECOVERY AND REVENUE REQUIREMENTS**

11 **A. Introduction**

12 Consistent with the order in Decision (D.)19-07-010, SoCalGas is filing this Application
13 to propose a 2020 Flex Alert Marketing Campaign. As described in the testimony of Toni
14 Mathews, SoCalGas proposes authorization to incur and recover a one-year revenue requirement
15 of \$3.33 million to implement SoCalGas’ 2020 Flex Alert Campaign. In addition, SoCalGas
16 proposes to include \$2.75 million of Flex Alert campaign costs that were recorded in the existing
17 MEOMA for the 2018 campaign and an estimated \$2.83 million for the 2019 campaign, also
18 recorded in the MEOMA.¹ Therefore, including all the above described costs, SoCalGas is
19 requesting a total of \$8.9 million for cost recovery through this Application. The corresponding
20 revenue requirements, described here, and rate impact, as described in the direct testimony of
21 Michael Foster, will be incorporated in SoCalGas’ Public Purpose Program (PPP) surcharge
22 rates effective January 1 of the following year as submitted in SoCalGas’ annual October PPP

¹ Although the 2019 Flex Alert Campaign has ended, the associated costs have not all been invoiced.

1 surcharge rate update advice letter (e.g., submittal in October 2020 for PPP rates effective
2 January 1, 2021).

3 **B. Summary of Revenue Requirement Results for SoCalGas' 2020 Flex Alert**
4 **Campaign**

5 The summary of corresponding revenue requirements associated with the costs of
6 implementing SoCalGas' 2020 Flex Alert Campaign is \$3.33 million. Revenue requirements are
7 based on direct costs of the campaign.

8 **C. Cost Recovery Proposal for SoCalGas' 2020 Flex Alert Campaign**

9 SoCalGas proposes to establish the Summer Flex Alert Campaign Balancing Account
10 (SFABA). The SFABA is an interest-bearing balancing account recorded on SoCalGas'
11 financial statements. The purpose of the SFABA is to record the difference between actual PPP
12 revenue requirements incurred, and the corresponding forecasted PPP revenue requirements
13 incorporated in rates for SoCalGas' proposed 2020 Flex Alert Campaign. The SFABA will
14 separately record actual and forecasted revenue requirements. Costs recorded to the SFABA will
15 also include other reasonable costs in the administration of SoCalGas' 2020 Flex Alert
16 Campaign that may occur after the summer season period covered under the campaign. Any
17 potential over-expenditures at the end of the campaign will not be recovered from ratepayers.
18 Any potential underspent balance in the SFABA at the end of the campaign will be returned to
19 customers and addressed in connection with SoCalGas' annual PPP surcharge rate advice letter
20 update submittal for rates effective January 1 of the following year.

21 **D. Disposition of Partial Balance in the MEOMA**

22 The MEOMA was established to record costs associated with marketing, education, and
23 engagement and Flex Alert advertising in 2016 as directed by D.16-04-039. The MEOMA was

1 subsequently modified to record costs associated with Flex Alert marketing, education, and
2 engagement activities in 2017 by D.17-05-004, as well as Flex Alert funding in 2018 and 2019.²

3 As of September 30, 2019, the MEOMA currently reflects a \$2.75 million
4 undercollection balance for the 2018 Flex Alert Campaign. Consistent with Commission
5 direction, the disposition of remaining costs in the MEOMA will be addressed in SoCalGas' next
6 General Rate Case or other applicable proceeding.³

7 This concludes my prepared direct testimony.

8 **III. QUALIFICATIONS**

9 My name is Reginald M. Austria. I am employed by SoCalGas. My business address is
10 555 West Fifth Street, Los Angeles, California, 90013-1011. I am the Regulatory Accounts
11 Manager of the Regulatory Accounts group within the Accounting and Finance Department
12 which supports the regulatory accounting and reporting activities for SoCalGas. I have held my
13 current position since April 1, 2002. I am responsible for managing SoCalGas' authorized
14 regulatory balancing, tracking and memorandum accounts. My responsibilities include:
15 implementing regulatory accounting procedures for compliance with Commission decisions;
16 quantifying and recording the monthly entries and adjustments to the Commission-authorized
17 regulatory account mechanisms; and managing the general administration of SoCalGas'
18 authorized regulatory accounts. Prior to April 1, 2002, I was the Utility Accounting Manager for
19 SoCalGas, in which I had similar responsibilities to my current duties.

20 I received my Bachelor of Science degree in Accounting from California State
21 University, Long Beach in 1982. I am a Certified Public Accountant and a member of the

² D.17-05-004 and Advice No. 5150; D.18-07-008 and Advice No. 5369-A; and D.19-07-010.

³ Pursuant to current Preliminary Statement, Part VI – Memorandum Accounts, MEOMA as approved in Advice No. 5369-A and D.18-07-008.

1 American Institute of Certified Public Accountants and the California Society of Certified Public
2 Accountants. I began my employment with SoCalGas in 1983 in the Accounting and Finance
3 Department. I have held various positions of increasing responsibility in Internal Audit, Cost
4 Accounting, General Accounting, and Utility Regulatory Accounting before assuming my
5 current position.

6 I have previously testified before the Commission.