

Application: A.25-08-XXX  
Exhibit No.: SCG-03  
Witness: R. M. Yu

Application of Southern California Gas  
Company (U 904 G) to Recover Costs  
Recorded in the Distribution Integrity  
Management Program Balancing Account from  
January 1, 2019 to December 31, 2023.

A.25-08-XXX

**CHAPTER III**  
**PREPARED DIRECT TESTIMONY OF**  
**RAE MARIE YU**  
**ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**  
**(BALANCING ACCOUNT AND REVENUE REQUIREMENT)**

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

**August 15, 2025**

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**CHAPTER III**  
**PREPARED DIRECT TESTIMONY OF**  
**RAE MARIE YU**  
**(BALANCING ACCOUNT AND REVENUE REQUIREMENT)**

**I. PURPOSE AND OVERVIEW OF TESTIMONY**

The purpose of my prepared direct testimony is to sponsor the Distribution Integrity Management Program (DIMP) revenue requirement associated with DIMP costs presented for review in this Application and that are recorded in Southern California Gas Company's (SoCalGas) Distribution Integrity Management Program Balancing Account (Post-2011 DIMPBA or DIMPBA).<sup>1</sup>

SoCalGas requests authority to recover its DIMPBA under-collection balance of \$59.1 million as of June 30, 2025, representing the cumulative incremental revenue requirement associated with DIMP expenditures that exceeded authorized Test Year (TY) 2019 General Rate Case (GRC) cycle O&M and capital expenditure levels by more than 35%, during the period of February 1, 2023 through December 31, 2023. This amount also includes interest through June 30, 2025.

**II. BACKGROUND**

SoCalGas's DIMPBA, a two-way interest-bearing balancing account,<sup>2</sup> was approved in Decision (D.) 13-05-010.<sup>3</sup> The DIMPBA was reauthorized in connection with SoCalGas's TY 2016 and TY 2019 GRC decisions<sup>4</sup> and remained effective for the five-year GRC cycle ending December 31, 2023. In accordance with SoCalGas's tariffs that were in effect during the TY 2019 GRC cycle, the DIMPBA tracked the difference between authorized and actual DIMP-related revenue requirement during TY 2019 GRC cycle. Any over- or under-collected balance at the end of each year within the GRC cycle carried over to the following year.<sup>5</sup>

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<sup>1</sup> DIMP costs are presented in the Prepared Direct Testimony of Travis T. Sera (Chapter I).

<sup>2</sup> The DIMPBA was most recently reauthorized for the four year cycle of SoCalGas's TY 2024 GRC through D.24-12-074, as a one-way balancing account.

<sup>3</sup> D.13-05-010 at 430-431.

<sup>4</sup> D.16-06-054 at 327 (OP 2); D.19-09-051 at 777 (OP 7).

<sup>5</sup> SoCalGas DIMPBA effective for the TY 2019 GRC cycle is available at:  
<https://tariffsprd.socalgas.com/view/historical/?utilId=SCG&bookId=GAS&tarfKey=485&tarfYear=2020>.

1 Pursuant to the TY 2019 GRC Decision, D.19-09-051, SoCalGas is authorized to submit  
2 a Tier 3 advice letter to seek recovery of any DIMP under-collections of revenue requirement  
3 when actual expenditures exceed the total authorized O&M and capital expenditures by up to  
4 35% for the entire cycle.<sup>6</sup> For any under-collections of revenue requirement as a result of actual  
5 expenditures greater than 35% of the total authorized O&M and capital expenditures, SoCalGas  
6 is authorized to seek recovery through a separate application.<sup>7</sup>

7 The TY 2019 GRC Decision also authorized a new two-part attrition mechanism for  
8 SoCalGas's post-test years' (PTY) revenue requirement. Imputed authorized DIMP O&M and  
9 capital expenditures for the TY 2019 GRC cycle were derived through this authorized PTY  
10 mechanism. Specifically, authorized PTY DIMP revenue requirement includes O&M and  
11 capital revenue requirement where:

- 12 1) Authorized PTY O&M expenses were derived through escalation of the authorized  
13 TY 2019 O&M expenses using the authorized O&M attrition factors; and
- 14 2) Authorized PTY capital revenue requirement was derived by an escalated seven-year  
15 average of recorded and forecasted capital additions using authorized capital attrition  
16 factors.<sup>8</sup>

17 As a result of the above PTY mechanism for capital revenue requirement, authorized DIMP  
18 capital expenditures for the TY 2019 GRC are not based on project specific forecasts. Instead,  
19 authorized capital expenditures were imputed by calculating an escalated seven-year average of  
20 recorded and forecasted capital expenditures from 2013-2019 and applying adopted capital  
21 attrition factors for each PTY's calculated capital expenditure.

22 DIMP O&M and capital expenditures incurred during the 2019 GRC cycle are discussed  
23 in the Direct Testimony of Travis T. Sera (Chapter 1). The capital expenditures shown in  
24 Chapter 1 and corresponding workpapers include capital expenditures that remain as  
25 Construction Work in Progress (CWIP) as of December 31, 2023. While these are expenditures  
26 incurred, CWIP does not contribute to the revenue requirement recorded to the DIMPBA.

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<sup>6</sup> D.19-09-051 at 694-695 and 774 (Conclusion of Law (COL) 104); A.17-10-008, Direct Testimony of  
Rae Marie Q. Yu (Exhibit (Ex.) SCG-42) at RQY-15 and RQY-B-1, *available at*:  
<https://www.socalgas.com/regulatory/documents/a-17-10-008/SCG-42%20Yu%20Prepared%20Direct%20Testimony.pdf>.

<sup>7</sup> *Id.*

<sup>8</sup> D.19-09-051 at 776 (Ordering Paragraph (OP) 4).

Capital revenue requirement (*i.e.*, depreciation, return, and taxes) is calculated and recorded to the DIMPBA once capital projects are placed in service.

### **III. DIMPBA UNDER-COLLECTED BALANCE**

SoCalGas seeks to recover the under-collected revenue requirement in the DIMPBA of \$59.1 million associated with exceeding the total authorized O&M and capital expenditures for the period of February 1, 2023 through December 31, 2023.<sup>9</sup> The under-collection is comprised of DIMP O&M expenses of \$46.9 million, capital revenue requirement (*i.e.*, depreciation, return, and taxes) of \$6.7 million, and interest of \$5.5 million. Authorized revenue recovery of \$107.8 million, as approved by Resolution G-3610, has been applied to offset the DIMPBA under-collected balance.

Table RMY-1 below shows the summary of recorded DIMPBA activity that results in the under-collection through June 30, 2025.

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<sup>9</sup> My accompanying workpaper, Ex. SCG-03-WP, details the revenue requirement recorded in the DIMPBA through June 30, 2025 associated with DIMP expenditures that exceeded authorized 2019 GRC cycle O&M and capital expenditure levels by more than 35%.

**Table RMY-1**  
**Distribution Integrity Management Program - Actual v. Authorized**  
**DIMPBA Calculation (Revenue Requirement, \$000)**  
**Through June 30, 2025**

<b>Authorized</b>	<b>O&amp;M</b>	<b>Capital Revenue Requirement</b>	<b>Interest</b>	<b>DIMPBA Activity</b>
2019	41,378	6,820		48,198
2020	42,472	19,072		61,544
2021	43,492	21,034		64,526
2022	44,333	23,220		67,553
2023	45,353	24,883		70,236
<b>Subtotal</b>	<b>217,028</b>	<b>95,029</b>		<b>312,057</b>

<b>Actual</b>	<b>O&amp;M</b>	<b>Capital Revenue Requirement</b>	<b>Interest</b>	<b>DIMPBA Activity</b>
2019	43,228	1,018	(87)	44,159
2020	46,683	18,857	(45)	65,495
2021	43,638	46,259	1	89,898
2022	46,763	72,055	1,009	119,827
2023	49,275	92,383	5,793	147,452
2024*		419	8,244	8,663
2025			3,550	3,550
<b>Subtotal</b>	<b>229,587</b>	<b>230,991</b>	<b>18,465</b>	<b>479,043</b>

<b>Under/(Over) Collection</b>	<b>12,559</b>	<b>135,962</b>	<b>18,465</b>	<b>166,986</b>
<b>DIMPBA Tier 3 AL 6224 Recovery (Resolution G-3610)</b>	<b>(34,371)</b>	<b>129,245</b>	<b>12,968</b>	<b>107,842</b>
<b>Remaining Under- Collection</b>	<b>46,930</b>	<b>6,717</b>	<b>5,497</b>	<b>59,144</b>

Notes:

\*An adjustment of \$0.4 million was recorded in December 2024 due to the 2023 natural gas safe harbor repairs tax benefit.

\*\* Subtotals may include rounding differences.

#### **IV. INCORPORATION OF DIMPBA REVENUE REQUIREMENT IN RATES**

Upon Commission approval of this Application, the revenue requirement will also be trueed-up through the date rates are implemented for recovery of DIMP costs for regulatory account interest. SoCalGas will file a Tier 1 Advice Letter within 30 days of the effective date of the decision authorizing recovery to incorporate the updated revenue requirements into rates on the first day of the next month following advice letter submission, or will incorporate the

1 updated revenue requirements in connection with the next authorized rate change implemented  
2 by SoCalGas.

3 The revenue requirement will be amortized in gas transportation rates based on the  
4 approved allocation methodology in SoCalGas's most recent Cost Allocation Proceeding  
5 decision, as discussed in the Prepared Direct Testimony of Marjorie Schmidt-Pines (Chapter IV).

6 This concludes my prepared direct testimony.

1   **V.     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  
5 am responsible for managing SoCalGas's authorized regulatory balancing, memorandum, and  
6 tracking 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's authorized regulatory accounts. I received  
10 my Bachelor of Science degree in Accounting from San Diego State University in 2007. I am  
11 also a Certified Public Accountant. I began my employment with SoCalGas in 2007 in the  
12 Accounting and Finance Department where I have held various positions of increasing  
13 responsibility in Accounts Payable, Plant Accounting, Business Controls, Regulatory Accounts,  
14 Fixed Assets, and Operational Planning before assuming my current position.

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