

Application No.: A.23-08-XXX
Exhibit No.: _____
Witness: Julia Leigh Cortez

PREPARED DIRECT TESTIMONY OF
JULIA LEIGH CORTEZ
ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY
(NATURAL GAS RATE IMPACTS)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

August 24, 2023

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1 **PREPARED DIRECT TESTIMONY OF**
2 **JULIA LEIGH CORTEZ**
3 **(NATURAL GAS RATE IMPACTS)**

4 **I. OVERVIEW AND SUMMARY OF NATURAL GAS RATE IMPACTS**

5 The purpose of my prepared direct testimony on behalf of Southern California Gas
6 Company (SoCalGas) is to sponsor the Backbone Transportation Service (BTS) rate impact and
7 bill analysis associated with the Ventura Compressor Modernization Project (VCM) incremental
8 revenue requirement as described by SoCalGas Costs Witness Sakif Wasif.

9 **II. NATURAL GAS RATE IMPACTS**

10 The VCM Project incremental revenue requirements as described by SoCalGas Witness
11 Sakif Wasif total \$48 million for 2032, and \$65 million for 2033, and \$68 million for 2034, and
12 then are expected to decline in subsequent years. SoCalGas proposes to incorporate these
13 incremental revenue requirements into their BTS rates effective at the first planned rate change
14 after the project goes into service. Table 1 below shows the incremental revenue requirements
15 for years 2032 through 2034. Incremental revenues and BTS rate and bill impacts are expected to
16 peak in 2034, then decline in subsequent years. Therefore, the illustrative rate and bill impacts
17 shown in this chapter will be limited to years 2032 through 2034 and are not reflective of the
18 incremental revenue requirements in subsequent years. Listed below are the revenue
19 requirements with Franchise Fees and Uncollectibles (FF&U).

20 **TABLE 1**
21 **Incremental Proposed VCM Revenue Requirement for Selected Years (\$Million)**

2032	2033	2034
\$48	\$65	\$68

1 As reaffirmed by the California Public Utilities Commission (CPUC or Commission) in
2 SoCalGas’s 2020 TCAP Decision (D.) 20-02-045,¹ Compressor station equipment exists on the
3 backbone transmission system. Therefore, SoCalGas proposes that the incremental revenue
4 requirements associated with the VCM project be allocated 100% to the BTS rates.² Customers
5 pay the BTS rate to transport gas through the backbone transmission system from any receipt
6 point to the SoCalGas Citygate. From there, customers may then deliver gas to their end-use
7 account at the appropriate “Citygate-to-meter” transportation rate. BTS rate is unbundled from
8 SoCalGas’s transportation rate which covers the cost of moving gas from “Citygate-to meter.”
9 Alternatively, customers can purchase gas at the Citygate without directly purchasing backbone
10 capacity.

11 Table 2 below provides the illustrative BTS rate impact of the VCM Project costs. The
12 rates shown incorporates the forecasted VCM revenue requirements provided in the Prepared
13 Direct Testimony of Sakif Wasif. In the Prepared Direct Testimony of Rae Marie Q. Yu it
14 proposes to establish the Ventura Compressor Modernization Balancing Account (VCMBA) to
15 capture VCM project costs. Further details of the regulatory accounting treatment of the actual
16 revenue requirement are discussed in her testimony.

¹ D.20-02-045 at 88 (Findings of Fact 9).

² BTS is available on both a firm and interruptible basis. Firm service is available under either a Straight Fixed Variable (i.e., 100% reservation) charge or Modified Fixed Variable (i.e., part reservation, part volumetric) charge. Interruptible service charges are 100% volumetric.

**TABLE 2
Illustrative BTS Revenue and Rate Impacts**

Year	Current BTS Revenue Requirement \$ Millions	Ventura Compressor Modernization Project Requirement \$ Millions	Total BTS Revenue Requirement \$ Millions	Current BTS Rate \$/dth/d	VCM BTS Rate Impact \$/dth/d	Total BTS VCM Rate \$/dth/d
	A	B	C = A + B	D	E	F = D + E
2032	\$507.19	\$47.82	\$555.00	\$0.549	\$0.052	\$0.601
2033	\$507.19	\$64.98	\$572.17	\$0.549	\$0.070	\$0.619
2034	\$507.19	\$67.85	\$575.03	\$0.549	\$0.073	\$0.623

1 Customers who directly purchase firm BTS capacity from SoCalGas will be impacted by
2 a higher BTS rate as shown in Table 2.³ However, most end-use customers do not directly pay
3 the BTS rate. Core customers indirectly pay for BTS through the core procurement tariff. Core
4 Aggregation Transportation and noncore customers who procure their gas commodity from a
5 marketer or at the Citygate indirectly pay for BTS as it is a likely cost of business for market
6 participants providing gas commodity to them. Since these customers' transportation (i.e.,
7 Citygate-to-meter) rates are not impacted by this proposal, an alternative method of illustrating
8 the rate impact of the VCM project is to observe bundled rate impacts that include a proxy gas
9 commodity price. The BTS rate impact from Table 2 of \$0.073 per decatherm (converted to
10 \$0.00734 per therm for Table 3 and 4) is added to bundled rates to approximate the Project's

³ Short-term firm as well as interruptible service is available at market-based prices up to the full tariffed rates listed in Table 1.

1 impact. Illustrative residential bundled rate impacts, including BTS impacts, are shown in
 2 Table 3 and Table 4⁴ below.

3 **TABLE 3**
 4 **BUNDLED RATE IMPACTS SCG**
 5

Customer Class	Present Rates	Proposed Rates	Change	
Residential	Aug-23	2034	\$	%
Gas Procurement (including BTS)	\$0.67094	\$0.67828	\$0.00734	1.1%
Transportation CA Rate	\$1.14443	\$1.14443	\$0.00000	0.0%
Residential PPPS	\$0.11301	\$0.11301	\$0.00000	0.0%
Total (\$/th)	\$1.92838	\$1.93572	\$0.00734	0.4%
BTS (\$/th/day)	\$0.05491	\$0.06225	\$0.00734	13.4%

6
 7
 8 **TABLE 4**
 9 **BUNDLED RATE IMPACTS SDG&E**
 10

Customer Class	Present Rates	Proposed Rates	Change	
Residential	Aug-23	2034	\$	%
Gas Procurement (including BTS)	\$0.67485	\$0.68219	\$0.00734	1.1%
Transportation CA Rate	\$1.65080	\$1.65080	\$0.00000	0.0%
Residential PPPS	\$0.08881	\$0.08881	\$0.00000	0.0%
Total (\$/th)	\$2.41446	\$2.42180	\$0.00734	0.3%

11 As shown in Table 5 below, in 2034, the bill amount for the average residential customer
 12 that uses an average of 36 therms per month would increase by \$0.27 or 0.4% to \$70.01 per

⁴ Table 3 reflects a direct impact to end-use customers based on the proposed increase in the BTS rate and is for discussion purposes only. Since the BTS rate and the Gas Commodity price are market-based rates, each customer's impact will be unique to their situation.

1 month, from a current monthly bill of \$69.75. Table 5 provides an estimate of a residential
2 bundled Non-CARE average customer monthly gas bill for commodity and transportation costs.

3
4 **TABLE 5**
5 **Southern California Gas Company Typical Monthly Residential Gas Bill**
6 **at Present and Proposed Rates – 2034**
7

Typical	Average Monthly Bill		Change	
Usage	Present	Proposed	\$	%
36 therms	\$69.75	\$70.01	\$0.27	0.4%

8 Figures may not add due to rounding.

9 **III. AFFORABILITY METRICS**

10 Pursuant to D.22-08-023, in an initial filing in any proceeding with a revenue increase
11 estimated to exceed one percent of currently authorized revenues systemwide for a single fuel,
12 SoCalGas is required to provide a variety of affordability metrics.⁵ The highest incremental
13 annual revenue of \$67.8 million in 2034 does not exceed this one percent threshold, and
14 therefore SoCalGas is not required to provide affordability metrics in this case.

15 This concludes my prepared direct testimony.

⁵ D.22-08-023 at 58 (citation omitted).

1 **IV. QUALIFICATIONS**

2 My name is Julia L. Cortez. My business address is 555 West Fifth Street, Los Angeles,
3 California, 90013-1011. I received a Bachelor of Science degree in Business Administration
4 with an emphasis in Human Resources from Cal Poly Pomona, California in 2007. I received a
5 Master of Business Administration degree from the University of La Verne, California in 2013.

6 As Principal Regulatory Economic Advisor, I support the gas transportation rates for both
7 SoCalGas and SDG&E. This includes allocating authorized revenue requirements to customer
8 rate classes, developing rate design for each class, calculating customer rate changes and
9 computing customers' bill impacts. In my previous role as a Market Advisor, I was responsible
10 for policy and rate analysis for commercial, industrial and energy markets. This included
11 developing guidelines for customers in a competitive bypass situation, cost/benefit analysis and
12 supporting regulatory proceeding through advice letter filings.

13 I have not previously testified before the Commission.