

Company: Southern California Gas Company (U 904 G)
Proceeding: 2024 General Rate Case
Application: A.22-05-015
Exhibit: SCG-44

PREPARED DIRECT TESTIMONY OF
RYAN HOM
(UPDATED RESULTS OF OPERATIONS REPORT)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



January 2023

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**PREPARED DIRECT TESTIMONY OF
RYAN HOM
(UPDATED RESULTS OF OPERATIONS REPORT)**

In compliance with the California Public Utilities Commission’s (Commission) Energy Rate Case Plan, adopted in Decision (D.) 07-07-004 and subsequently modified in D.14-12-025 and D.20-01-002, the purpose of this testimony is to “update the results of operations exhibit by January 15 to incorporate any and all tariff changes which become effective on January 1 following the filing of the application.”¹ For Southern California Gas Company’s (SoCalGas) Test Year (TY) 2024 General Rate Case (GRC), this testimony updates the SoCalGas Results of Operations (RO) report for revised Present Rate Revenues (PRR) effective January 1, 2023. Tariff changes were implemented for rates effective on January 1, 2023 via Advice Letter (AL) 6701. This testimony shows that, relative to revenues at present rates calculated for TY 2024 using rates effective as of January 1, 2023, the base margin revenue² increase requested in the TY 2024 GRC is \$858 million. Generally, updates to base margin put forth in this PRR testimony reflect recorded values related to Commission directives, regulatory filings (e.g., advice letters), or the timing of when projects become operational. The result may be an increase or decrease when compared to forecasted values. The revised PRR RO calculations in this testimony reflect authorized base margin revenues for the 2023 annual post-test year rate adjustment adopted by the Commission in D.19-09-051 and D.21-05-003 (collectively, SoCalGas’s TY 2019 GRC Decisions), Cost of Capital approved in D.22-12-031,³ rate recovery of the Storage Integrity Management Program (SIMP) Settlement in AL 6023, Tax Private Letter Ruling in AL 6701, Pipeline Safety Enhancement Plan (PSEP) amortizations, and Master Meter Balancing Account (MMBA) identified in Exhibit SCG-38-R (Regulatory Accounts testimony).

Appendix B of this testimony includes the updated Summary of Earnings, Table RH-1U to show the comparison between the revised PRR using the 2023 effective rates (2024 Present Rates) and the TY 2024 revenue requirement (2024 Proposed Rates). The Summary of Earnings testimony of Ryan Hom (Exhibit SCG-39-2R) submitted in November 2022 presents the total

¹ D.07-07-004, Appendix A at A-30, paragraph 3.

² Revenue requirement is made up of two revenue components: base margin revenues, collected in customer rates, and miscellaneous revenues, collected in fees.

³ The 2024 test-year revenue requirement will be updated to reflect the Rate of Return approved in D.21-12-031 at the next available opportunity.

1 revenue requirement, which remains unchanged by this PRR update. Appendix C presents details
2 of the base margin changes.

3 The updated line items on Table RH-1U in Exhibit SCG-39-2R are as follows:

Line No.	Description	Present Rates (2024\$) Updated (thousands of dollars)
1	Base Margin	\$3,435,997
19	Uncollectibles	\$10,397
20	Franchise Fees	\$42,336
23	Taxes on Income	(\$58,059)
26	Return	\$379,514
27	Rate Base	\$13,315,368
28	Rate of Return	2.85%

4
5 I have updated the RO model to reflect the changes discussed in this testimony.

1 **WITNESS QUALIFICATIONS**

2 My name is Ryan Hom. My business address is 555 West Fifth Street, Los Angeles,
3 California, 90013-1011. I am currently employed by SoCalGas as a Manager in the GRC
4 Financial Analysis group responsible for developing the revenue requirement forecasts for both
5 SDG&E and SoCalGas.

6 I received a Bachelor of Science Degree in Economics and a minor in Management from
7 University California, Irvine. I was first employed by SoCalGas in 2006 and have held various
8 positions in the Customer Services, Regulatory Affairs, and Accounting and Finance areas of the
9 Company.

10 I have previously testified before the Commission.

APPENDIX A
GLOSSARY OF TERMS

APPENDIX A
GLOSSARY OF TERMS

ACRONYM	DEFINITION
AL	Advice Letter
Commission	California Public Utilities Commission
D.	Decision
GRC	General Rate Case
MMBA	Master Meter Balancing Account
PRR	Present Rate Revenues
PSEP	Pipeline Safety Enhancement Plan
RO	Results of Operations
SoCalGas	Southern California Gas Company
SIMP	Storage Integrity Management Program
TY	Test Year

APPENDIX B
SUMMARY OF EARNINGS TABLE

Table RH-1U
SOCALGAS
TEST YEAR 2024
SUMMARY OF EARNINGS
(Thousands of Dollars)

Line No.	Description	2024 Present Rates (2024\$)	2024 Proposed Rates (2024\$)
1	Base Margin	\$ 3,435,997	\$ 4,280,877
2	Miscellaneous Revenues	103,909	117,427
3	Revenue Requirement	\$ 3,539,906	\$ 4,398,304
<u>Operating and Maintenance Expenses</u>			
4	Gas Distribution	168,426	168,426
5	Gas System	247,993	247,993
6	Transmission	52,058	52,058
7	Gas Storage	47,782	47,782
8	Engineering	33,045	33,045
9	PSEP	54,214	54,214
10	Procurement	5,247	5,247
11	Customer Services	394,425	394,425
12	Information Technology & Cybersecurity	61,204	61,204
13	Support Services	198,337	198,337
14	Administrative and General	753,872	753,872
15	Subtotal (2021\$)	\$ 2,016,603	\$ 2,016,603
16	Shared Services Adjustments	98,307	98,307
17	Reassignments	(251,118)	(251,118)
18	Escalation	106,018	106,018
19	Uncollectibles (0.31%)	10,397	12,954
20	Franchise Fees (1.2259%)	42,336	52,694
21	Total O&M (2024\$)	\$ 2,022,543	\$ 2,035,457
22	Depreciation & Amortization	970,383	970,383
23	Taxes on Income	(58,059)	194,175
24	Taxes Other Than on Income	225,524	225,524
25	Total Operating Expenses	3,160,391	3,425,539
26	Return	379,514	972,765
27	Rate Base	13,315,368	13,325,549
28	Rate of Return	2.85%	7.30%

APPENDIX C
BASE MARGIN

Southern California Gas Company
Test Year 2024
Gas Present Rate Revenue (PRR)
(Millions of Dollars)

<u>1/1/2022 Estimated PRR (Revised Filing)</u>	Gas
Base margin w/o FF&U	3,185
FF&U	52
Base margin	<u>3,238</u>
<u>1/1/2023 Estimated PRR (Revised Filing)</u>	Gas
Base margin w/o FF&U	3,502
FF&U	54
Base margin	<u>3,556</u>
<u>1/1/2023 PRR (PRR Filing)</u>	Gas
Base margin w/o FF&U	3,382
FF&U	54
Base margin	<u>3,435</u>