

Exhibit No.: \_\_\_\_\_  
Application: A.22-09-015  
Witness: S. Nasim Ahmed  
Chapter: 6a

**PREPARED DIRECT TESTIMONY OF**  
**S. NASIM AHMED**  
**ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

(REGULATORY ACCOUNTS)

September 30, 2022

(Errata dated July 24, 2023)

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1 **CHAPTER 6**

2 **PREPARED DIRECT TESTIMONY OF S. NASIM AHMED**

3 **(REGULATORY ACCOUNTS – SOCALGAS)**

4 **I. PURPOSE**

5 The purpose of my direct testimony is to present Southern California Gas Company’s  
6 (SoCalGas) tariff-related modifications associated with proposals sponsored by various  
7 witnesses in this Cost Allocation Proceeding (CAP).

8 **II. OVERVIEW**

9 The rates authorized in Decision (D.) 20-02-045, SoCalGas’ 2020 CAP, became effective  
10 May 1, 2020. As authorized by the Commission, SoCalGas subsequently filed annual regulatory  
11 account balance updates by Advice Letter, most recently Advice Letter No. (AL) 5884, 5884-A,  
12 and 5884-B in October 2021, requesting authority to incorporate estimated December 31, 2021  
13 regulatory account balances into rates effective January 1, 2022.<sup>1</sup> The Commission granted such  
14 authority on November 15, 2021.

15 In cost allocation proceedings prior to the 2020 CAP, SoCalGas undertook the exercise of  
16 forecasting regulatory account balances and presented them in testimony. However, those  
17 forecasts provided in the cost allocation proceedings were superseded by SoCalGas’ annual  
18 regulatory account balance update filing and as such regulatory account forecasts reflect the  
19 latest available information. To avoid any confusion in the presentation of customer rate impacts  
20 of SoCalGas’ CAP proposals, consistent with the 2020 CAP proceeding, I am not sponsoring any  
21 regulatory account balance forecasts in this CAP.

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<sup>1</sup> AL 5884, Annual Regulatory Account Balance Update for Rates Effective January 1, 2022, Partial Supplemental AL 5884-A, and Partial Supplemental AL 5884-B, filed on October 15, 2021, October 22, 2021, and October 28, 2021, respectively.

1 The regulatory account balances currently authorized for amortization in SoCalGas'  
2 transportation rates are summarized in Attachment A, Table 1. These recorded balances, instead  
3 of forecasts, will be used to provide the illustrative rates included in the testimony of Michael  
4 Foster (Chapter 13). SoCalGas expects to file annual regulatory account balance updates in  
5 October 2022 and October 2023, the latter of which will represent the balances used to set rates  
6 effective January 1, 2024, when this CAP is expected to be implemented.

7 The following section includes proposed changes to SoCalGas' Preliminary Statement  
8 resulting from proposals included in the testimony of other witnesses to this application.

### 9 **III. PROPOSED MODIFICATIONS TO SOCALGAS' PRELIMINARY STATEMENT**

#### 10 **A. Balancing Plus Services Memorandum Account (BPSMA)**

11 As discussed in the testimony of Manuel Rincon and Jimmy Yen (Chapter 1), SoCalGas  
12 proposes to establish a balancing plus service in this CAP. Accordingly, SoCalGas proposes to  
13 establish the BPSMA, an interest-bearing memorandum account recorded on SoCalGas'  
14 financial statements. The purpose of the BPSMA is to record incremental revenues charged to  
15 customers for the balancing plus service. The proposed method to allocate the BPSMA in rates  
16 is discussed in the testimony of Michael Foster (Chapter 13). SoCalGas proposes to include the  
17 BPSMA balance in its annual regulatory account balance update filing for amortization in the  
18 subsequent year's rates.

19 As discussed further in Chapter 1, SoCalGas expects to incur incremental costs  
20 (operations and maintenance (O&M) and capital costs) to its information technology (IT)  
21 systems to implement its balancing plus service. As such, SoCalGas proposes to record the  
22 O&M and capital-related costs (i.e., depreciation, taxes, and return) on the IT capital assets in the  
23 BPSMA until such costs are incorporated in SoCalGas' next General Rate Case (GRC).

1           **B.       Hydrogen Refueling Station Balancing Account (HRSBA)**

2           As described in the 2024 GRC, SoCalGas has requested authority to construct and  
3 operate public access hydrogen fuel cell vehicle refueling stations (hydrogen refueling stations)  
4 at utility operating bases that will serve both the utility fleet as well as the general public.  
5 Furthermore, SoCalGas has requested to establish the HRSBA, a two-way interest-bearing  
6 balancing account recorded on SoCalGas’ financial statements, to record O&M costs and green  
7 credit revenues associated with the operation of the hydrogen refueling stations.<sup>2</sup>

8           To complement the request in SoCalGas’ 2024 GRC, as discussed in the testimony of  
9 Edwin Harte (Chapter 12), SoCalGas proposes to establish a pilot retail rate for the hydrogen  
10 refueling stations. The pilot retail rate will be used to recover operating costs (net of green credit  
11 revenues) from customers. As a result, SoCalGas proposes to use the HRSBA to record  
12 revenues charged to customers under this pilot retail rate.

13           **C.       Backbone Transmission Balancing Account (BTBA)**

14           As discussed in the testimony of Paul Borkovich (Chapter 11), SoCalGas currently offers  
15 Backbone Transportation Service (BTS) under a triennial open season process for 3-year terms.  
16 SoCalGas proposes to revise this process to offer an annual open season process for 1-year terms  
17 in lieu of the triennial open season process for 3-year terms. SoCalGas incurs costs to run each  
18 triennial open season. By proposing an annual open season process, SoCalGas expects to incur  
19 costs on an annual basis. As a result, SoCalGas proposes to record these additional incremental  
20 costs in the BTBA until such costs are incorporated in SoCalGas’ next GRC.

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<sup>2</sup> See A.22-05-015/016 (cons.) Exhibit SCG-19-R Revised Direct Testimony of Brenton K. Guy (August 2022) at BKG-35, BKG-37-38; Exhibit SCG-12-R Revised Direct Testimony of Armando Infanzon (August 2022) at AI-59; and Exhibit SCG-38-R Revised Direct Testimony of Rae Marie Yu (August 2022) at RMY-20.

1           As discussed further in Chapter 11, SoCalGas proposes to establish a BTS credit  
2 mechanism. To implement the BTS credit mechanism, SoCalGas expects to incur incremental  
3 costs (O&M and capital costs) to its IT systems. As a result, SoCalGas proposes to record the  
4 incremental O&M costs and capital-related costs (i.e., depreciation, taxes, and return) on the IT  
5 capital assets in the BTBA until these costs are incorporated in SoCalGas' next GRC.

6           This concludes my prepared direct testimony.

1 **IV. QUALIFICATIONS**

2 My name is S. Nasim Ahmed. I am employed by SoCalGas. My business address is 555  
3 West Fifth Street, Los Angeles, California, 90013-1011. I am the Principal Accountant -  
4 Supervisor in the Regulatory Accounts group within the Accounting and Finance Department  
5 which supports the regulatory activities for SoCalGas. My responsibilities for SoCalGas'  
6 regulatory balancing, tracking, and memorandum accounts include implementation of regulatory  
7 accounting procedures for compliance with Commission decisions, quantifying and recording the  
8 monthly entries and adjustments to the regulatory accounts and preparing forecasted balances for  
9 regulatory accounts for inclusion in SoCalGas' annual compliance filings. I began my  
10 employment at Pacific Lighting Corporation, then the parent company of SoCalGas, in 1987 in  
11 the Internal Audit Department. I have held various positions of increasing responsibility in  
12 Internal Audit, General Accounting, and Utility Regulatory Accounting before assuming my  
13 current position. I received my Bachelor of Science degree in Accounting from California State  
14 University, Long Beach in 1987.

15 I have previously testified before the Commission.

# ATTACHMENT A

**Southern California Gas Company - 2024 TCAP**  
**Present Regulatory Account Balances <sup>1/</sup>**  
**(Over) / Under Collection**  
**Table 1**

	Regulatory Account Name	1/1/2022 Present Amortization AL 5915 (MM\$)
1	Advanced Meter Infrastructure Balancing Account (AMIBA)	(\$76.5)
2	Affiliate Transfer Fee Account (ATFA)	(\$0.1)
3	Biogas Conditioning/Upgrading Services Balancing Account (BCSBA)	(\$0.0)
4	Biomethane Cost Incentive Program Balancing Account (BCIPBA)	\$10.0
5	Backbone Transmission Balancing Account (BTBA)	(\$37.2)
6	Core Fixed Cost Account (CFCA)	\$10.3
7	Compression Services Balancing Account (CSBA)	(\$0.1)
8	Company Use Fuel for Load Balancing Account (CUFLBA)	(\$1.2)
9	Compressor Station Fuel & Power Balancing Account (CFPBA)	(\$1.4)
10	CSI Thermal Program Memorandum Account (CSITPMA)	\$1.4
11	Dairy Biomethane Program Balancing Account (DBPBA)	\$44.7
12	Economic Practicality Shortfall Memorandum Account (EPSMA)	\$0.4
13	Enhanced Oil Recovery Account (EORA)	\$2.5
14	Greenhouse Gas Balancing account (GHGBA)	\$23.9
15	Hazardous Substance Cost-Recovery Account (HSCRA)	\$0.3
16	Integrated Transmission Balancing Account (ITBA) <sup>2/</sup>	\$0.2
17	Intervenor Award Memorandum Account (IAMA)	\$0.7
18	Liability Insurance Premium Balancing Account (LIPBA)	\$14.1
19	Master Meter Balancing Account (MMBA)	\$17.2
20	New Environmental Regulation Balancing Account (NERBA)	\$3.3
21	Noncore Fixed Cost Account (NFCA)	\$3.0
22	Noncore Storage Balancing Account (NSBA)	\$0.1
23	Pension Balancing Account (PBA)	\$11.1
24	Post-Retirement Benefits Other than Pensions Balancing Account (PBOPBA)	(\$4.3)
25	Research Royalty Memorandum Account (RRMA)	(\$0.2)
26	Rewards & Penalties Balancing Account (RPBA)	(\$0.3)
27	Residential Uncollectible Balancing Account (RUBA)	\$15.8
28	Safety Enhancement Capital Cost Balancing Account (SECCBA)	\$44.5
29	Safety Enhancement Expense Balancing Account (SEEBA)	\$6.4
30	Self-Generation Program Memorandum Account (SGPMA)	\$16.0
31	System Operator Gas Account (SOGA)	(\$0.1)
	Total	\$104.8

**Notes**

- 1/ Balances exclude franchise fees and uncollectibles.
- 2/ Balance reflects combined SoCalGas and SDG&E ITBA balances re-allocated between utilities based on cold year throughput.