

Application: A.21-01-XXX
Exhibit No.: SCG-03
Witness: J. Chhuor

Application of Southern California Gas
Company (U 904 G) for to Recover Costs
Recorded in the Storage Integrity Management
Program Balancing Account from January 1,
2016 to December 31, 2018

A.21-01-XXX

CHAPTER III
PREPARED DIRECT TESTIMONY OF
JENNY CHHUOR
(BALANCING ACCOUNT AND REVENUE REQUIREMENT)
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

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

January 28, 2021

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1 **CHAPTER III**

2 **PREPARED DIRECT TESTIMONY OF JENNY K. CHHUOR**

3 **(Balancing Account and Revenue Requirement)**

4 **I. PURPOSE AND OVERVIEW OF TESTIMONY**

5 The purpose of my prepared direct testimony is to sponsor the Storage Integrity
6 Management Program (“SIMP”) revenue requirement associated with SIMP projects costs
7 presented for review in this Application and that are recorded in Southern California Gas
8 Company’s (“SoCalGas”) Storage Integrity Management Program Balancing Account
9 (“SIMPBA”).¹

10 SoCalGas requests authority to recover its SIMPBA under-collection balance,
11 representing the cumulative revenue requirement for reasonably incurred SIMP costs in excess of
12 the General Rate Case (“GRC”) approved revenue requirement for 2016-2018.²

13 **II. BACKGROUND**

14 Pursuant to Ordering Paragraph (“OP”) 8 of Decision (“D.”)16-06-054, SoCalGas
15 established the SIMPBA, a two-way balancing account, to record and track the actual costs of
16 implementing SoCalGas’ SIMP, effective January 1, 2016. The SIMPBA is authorized for the
17 three-year GRC period ending on December 31, 2018, or until the effective implementation date
18 of SoCalGas’ next GRC. To the extent SoCalGas exceeds the authorized revenue requirement
19 for the three-year period, SoCalGas is authorized to seek recovery of up to 35% above the
20 authorized revenue requirement via a Tier 3 Advice Letter (“AL”) filing. SoCalGas is

¹ SIMP costs are presented in the Prepared Direct Testimony of Amy Kitson (Chapter I).

² D.16-06-054 at 5 and 248-250, see also Findings of Fact Nos. 180-190. Authorized O&M and capital-related revenue requirement increased by 3.5% attrition adjustment adopted in 2016 GRC decision. Includes \$20 thousand of cost of capital downward adjustment as a result of D.17-07-005.

1 authorized to request recovery of amounts above 35% of the GRC cycle total revenue
2 requirement through this application.

3 **III. SOCALGAS HAS EXCEEDED THE SIMP REVENUE REQUIREMENT BY**
4 **APPROXIMATELY \$34.4 MILLION**

5 The revenue requirement authorized for SIMP for the years 2016-2018 was \$19.5
6 million.³ As shown in Table JKC-2 and in workpaper SCG-03-WP, Attachment A-1 to A-3,
7 actual Operations and Maintenance (“O&M”) and capital revenue requirements have exceeded
8 the corresponding annual authorized revenue requirements each year of the 2016-2018 GRC
9 cycle by approximately \$6.2 million in 2016, \$16.0 million in 2017 and \$17.8 million in 2018,
10 resulting in an overall \$40 million undercollection balance (adjusted for balancing account
11 interest) as of December 31, 2018. After recovery of the \$6,817,698 revenue requirement as
12 filed in SoCalGas’ Tier 3 AL 5253-G,⁴ which was subsequently approved by Resolution G-3544
13 and incorporated into 2019 rates, SoCalGas is requesting recovery of the remaining \$34.4
14 million in this Application. Table JKC-1 below summarizes the SIMP revenue requirements
15 presented for recovery in this Application.

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³ Advice Letter 5253-G p. 2. Refer to workpaper SCG-03-WP, Attachment A-3, for more information.

⁴ \$6,817,698 was based on the 3 years authorized revenue requirement that does not include the cost of capital downward adjustment as a result of D.17-07-005.

Table JKC-1
SIMPBA 2016 – 2018 Revenue Requirement
(MS's excluding FF&U)

Type of Cost		Total Cost
O&M Costs		41,904
Capital Costs		16,996
Total Revenue Requirement	<i>a</i>	58,900
2016-2018 Rev Req		19,460
R-3544		6,818
Authorized recovery	<i>b</i>	26,278
Regulatory Interest	<i>c</i>	1,797
Total Remaining Revenue Requirement	<i>d = a - b + c</i>	34,419

Table JKC-2 below distinguishes the analysis of SIMP O&M and capital additions, from an actual and authorized perspective, from the actual SIMPBA under collection. As noted above and shown in Table JKC-1, the balancing of capital-related costs on a revenue requirement basis (i.e., the depreciation, taxes and return associated with capital additions to utility ratebase) and not on a capital expenditures basis contributes significantly to the SIMPBA undercollection. As described in the Prepared Direct Testimony of Amy Kitson (Chapter I) and Table JKC-2 below, SoCalGas has presented \$114.2 million in capital additions and \$41.9 million in O&M expenditures, incurred through the 3-year GRC cycle ending December 31, 2018, for the Commission's review. These expenditures form the basis for the \$58.9 million revenue requirement relative to authorized cost recovery in the GRC and the approximately \$6.8 million that was approved for rate recovery in AL 5253. The remaining \$34.4 million under-collection balance, which includes regulatory interest, recorded in the SIMPBA is requested for recovery as part of this Application.

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Table JKC-2 Storage Integrity Management Program Spending vs. Authorized (\$000)

**SOUTHERN CALIFORNIA GAS COMPANY
STORAGE INTEGRITY MANAGEMENT PROGRAM - SPENDING VS. AUTHORIZED - \$000**

SIMP O&M Spending and Capital Additions				SIMPBA Calculation (Revenue Requirements)					
	(a)	(b)	(c) = (a) - (b)		(d)	(e)	(f) = (d) - (e)	(g)	(h) = (f) + (g)
	Actual	Authorized ^{3/ 4/}	Over/ (Under) Spending		Actual	Authorized ^{1/ 2/ 4}	Under/ (Over) Collection ^{2/}	Interest	SIMPBA Activity
Year 2016:				Year 2016:					
O&M	11,814	5,910	5,904	O&M	11,814	5,910	5,904		5,904
Capital Additions	23,630	2,798	20,832	Capital-Related Costs	672	361	311		311
				Interest				7	7
Subtotal	35,445	8,708	26,737	Subtotal	12,486	6,271	6,215	7	6,222
Year 2017:				Year 2017:					
O&M	15,982	6,116	9,865	O&M	15,982	6,116	9,865		9,865
Capital Additions	40,058	2,798	37,260	Capital-Related Costs	6,343	374	5,969		5,969
				Interest				154	154
Subtotal	56,040	8,914	47,125	Subtotal	22,325	6,490	15,834	154	15,988
Year 2018:				Year 2018:					
O&M	14,044	6,312	7,732	O&M	14,044	6,312	7,732		7,732
Capital Additions	50,470	2,798	47,672	Capital-Related Costs	9,881	387	9,494		9,494
				Interest				612	612
Subtotal	64,513	9,110	55,403	Subtotal	23,924	6,699	17,225	612	17,837
Year 2016 - 2018:				Year 2016 - 2018:					
O&M	41,839	18,338	23,501	O&M	41,839	18,338	23,501		23,501
Capital Additions	114,158	8,394	105,764	Capital-Related Costs	16,896	1,122	15,774		15,774
				Interest				772	772
Total	155,998	26,732	129,265	Total	58,735	19,460	39,275	772	40,047
Year 2019:				Year 2019:					
O&M	65	-	65	O&M	65	-	65		65
Capital Additions	-	-	-	Capital-Related Costs	101	-	101		101
				Interest				845	845
Total	65	-	65	Total	165	-	165	845	1,011
Year 2020:				Year 2020:					
O&M	-	-	-	O&M	-	-	-		-
Capital Additions	-	-	-	Capital-Related Costs	0	-	0		0
				Interest				180	180
Total	-	-	-	Total	0	-	0	180	180
R-3544				R-3544					
O&M	41,839	6,418	35,421	O&M	41,839	6,425	35,415		35,415
Capital Additions	114,158	2,938	111,220	Capital-Related Costs	16,896	393	16,503		16,503
Total	155,998	9,356	146,641	Total	58,735	6,818	51,917	-	51,917
		35%				35%			
Application				Application					
O&M	41,904	24,757	17,147	O&M	41,904	24,763	17,141		17,141
Capital Additions	114,158	11,332	102,826	Capital-Related Costs	16,996	1,515	15,481		15,481
				Interest				1,797	1,797
Total	156,062	36,089	119,974	Total	58,901	26,278	32,622	1,797	34,419
		135%				135%			

^{1/} Authorized O&M and capital-related revenue requirement increased by 3.5% attrition adjustment adopted in 2016 GRC decision.

^{2/} Difference in Year 2016-2018 total due to rounding.

^{3/} 2018 Authorized O&M includes \$20 thousand of cost of capital downward adjustment in connection with D.17-07-005.

^{4/} For R-3544, assume authorized spending and revenue requirement is 35% of 2016-2018 authorized.

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1 Upon a Commission approval of this Application, the revenue requirement will also be
2 trued-up through the date rates are implemented for recovery of SIMP costs for such items as: (1)
3 regulatory account interest and (2) O&M and capital-related costs adjustments. SoCalGas will
4 file a Tier 1 Advice Letter within 30 days of the effective date of the decision authorizing
5 recovery to incorporate the updated revenue requirements into rates on the first day of the next
6 month following advice letter submission or in connection with other authorized rate changes
7 implemented by SoCalGas. These revenue requirements will be allocated using the Equal
8 Percentage of Authorized Margin (“EPAM”) cost allocation methodology, as discussed in the
9 Prepared Direct Testimony of Marjorie Schmidt-Pines (Chapter IV).

10 This concludes my prepared direct testimony.

1 **V. WITNESS QUALIFICATIONS**

2 My name is Jenny Chhuor. My business address is 555 West Fifth Street, Los Angeles,
3 California, 90013-1011.

4 I hold a Bachelor of Science degree in Accounting and minor in Finance from California
5 State University of Los Angeles. I have been employed by SoCalGas since 2006 and have held
6 various accounting positions in Plant Accounting, Fixed Asset Management, and Affiliate
7 Billing and Costing. I joined the Regulatory Accounts Department, which supports the
8 regulatory accounting and reporting activities for SoCalGas' authorized regulatory balancing,
9 tracking and memorandum accounts, in 2014 as a Senior Regulatory Accounts Advisor. I was
10 promoted to Principal Regulatory Accounts Advisor in July 2017 and is my current position as of
11 the date of this Application. My responsibilities include implementing regulatory accounting
12 procedures for compliance with Commission decisions; quantifying and recording the monthly
13 entries and adjustments to the Commission-authorized regulatory account mechanisms; and
14 providing guidance to Regulatory Accounts staff in the general administration of SoCalGas'
15 authorized regulatory accounts.

16 I have not previously testified before to the Commission.
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