

Application: A.21-01-XXX
Exhibit No.: SCG-04
Witness: M. Schmidt-Pines

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 IV
PREPARED DIRECT TESTIMONY OF
MARJORIE SCHMIDT-PINES
(RATES)
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 IV**

2 **PREPARED DIRECT TESTIMONY OF MARJORIE SCHMIDT-PINES**

3 **I. (RATES) PURPOSE AND OVERVIEW OF TESTIMONY**

4 The purpose of my prepared direct testimony on behalf of Southern California Gas
5 Company (“SoCalGas”) is to provide the cost allocation method for the Storage Integrity
6 Management Program Balancing Account (“SIMPBA”) of SoCalGas and to present the gas
7 transportation rates and bill impacts that would result from the amortization of the balance in the
8 SIMPBA.

9 **II. GAS RATE AND BILL IMPACTS**

10 SoCalGas proposes to recover the SIMPBA using the Equal Percentage of Authorized
11 Margin (“EPAM”) cost allocation methodology, which is consistent with the allocation of
12 current base margin pursuant to Decision (“D.”) 20-02-045. This method was approved in
13 California Public Utilities Commission (“CPUC” or “Commission”) Resolution G-3544.

14 Table MSP-1 below shows current and proposed gas transportation rates by major
15 customer class upon recovery of costs associated with the SIMPBA. The rates shown assume the
16 actual revenue requirement provided in the Prepared Direct Testimony of Jenny Chhuor (Chapter
17 III).¹ The backbone transmission service rate is for transportation service from receipt points to
18 SoCalGas City Gate. The other listed transportation rates are for service from SoCalGas City
19 Gate to end-use customers’ meters.

¹ Rates include Franchise Fees and Uncollectibles (FF&U). The gas procurement tariff rate used in calculating Residential class average bill is from SoCalGas’ Advice Letter 5712-A and the Public Purpose Program Surcharge (PPPS) is from January 2021.

1 The rate tables are shown for both SoCalGas and San Diego Gas & Electric Company
2 (“SDG&E”).² SDG&E’s rates are impacted due to SoCalGas’ Transportation cost. SDG&E’s
3 gas rates are also impacted by SoCalGas and SDG&E-wide rates for Natural Gas Vehicle
4 (“NGV”), Electric Generation (“EG”) and Transmission Level Service (“TLS”). SoCalGas and
5 SDG&E wide rates imply that, for each of these three customer classes, a single common rate is
6 developed for both SDG&E and SoCalGas.³

² Due to the Commission’s continuation of shared rate design for certain rate classes pursuant to the Triennial Cost Allocation Proceeding Decision, D.20-02-045. The SoCalGas proposed rate change associated with this Application will also impact certain cost allocations that impact SDG&E rates.

³ SoCalGas and SDG&E wide rates are slightly different between the SoCalGas and SDG&E due to different California Solar Initiative Thermal Memo Account (CSITMA), California Air Resource Board (CARB) and Greenhouse Gas (GHG) adders and FF&U.

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Table MSP-1
Illustrative Transportation Rates
(\$/therm, except as noted)

SoCalGas Summary				
Transportation	01/01/2021 Rates	Proposed Rates	Increase (decrease)	% change
<u>Core Rates</u>				
Residential	\$1.067	\$1.078	\$0.011	1.1%
<i>Residential class average bill</i> <i>\$/month</i>	<i>\$48.47</i>	<i>\$48.84</i>	<i>\$0.37</i>	<i>0.8%</i>
Core Commercial & Industrial (C&I)	\$0.579	\$0.585	\$0.005	0.9%
Natural Gas Vehicle (NGV) (uncompressed)	\$0.278	\$0.279	\$0.002	0.7%
<u>NonCore Distribution Level Service Rates</u>				
NonCore C&I Distribution Tier 1	\$0.353	\$0.356	\$0.003	0.9%
NonCore C&I Distribution Tier 2	\$0.246	\$0.248	\$0.002	0.7%
NonCore C&I Distribution Tier 3	\$0.178	\$0.179	\$0.001	0.6%
NonCore C&I Distribution Tier 4	\$0.129	\$0.130	\$0.000	0.3%
Electric Generation (EG)-Distribution - Tier 1 w/California Air Resources Board (carb), Greenhouse Gas (GHG) adders	\$0.233	\$0.235	\$0.002	0.7%
EG-Distribution - Tier 2 w/carb, GHG	\$0.162	\$0.162	\$0.001	0.5%
<u>NonCore Transmission Level Service (TLS) Rates</u>				
TLS-C&I Class Average (CA) Rate (w/California Solar Initiative Thermal Program Memo Account (csitma), carb, GHG)	\$0.081	\$0.081	\$0.000	0.3%
TLS-EG CA Rate (w/carb and GHG adders)	\$0.081	\$0.081	\$0.000	0.3%
<u>Backbone Transmission Service (BTS)\$/dth/day</u>				
System Average Rate w/BTS \$/therm	\$0.422	\$0.426	\$0.004	0.9%
Rates Revenue Requirement \$ millions	\$3,855	\$3,890	\$35	0.9%

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SDG&E Summary				
Transportation	01/01/2021 Rates	Proposed Rates	Increase (decrease)	% change
<u>Core Rates</u>				
Residential	\$1.482	\$1.482	\$0.000	0.0%
<i>Residential class average bill \$/month</i>	<i>\$43.03</i>	<i>\$43.04</i>	<i>\$0.01</i>	<i>0.0%</i>
Core C&I	\$0.575	\$0.575	\$0.000	0.1%
NGV (uncompressed) \$/therm	\$0.277	\$0.279	\$0.002	0.7%
<u>NonCore Distribution Level Service Rates</u>				
NonCore C&I Distribution	\$0.129	\$0.129	\$0.000	0.2%
EG-Distribution - Tier 1 w/carb, GHG	\$0.233	\$0.234	\$0.002	0.7%
EG-Distribution - Tier 2 w/carb, GHG	\$0.161	\$0.161	\$0.001	0.5%
<u>NonCore Transmission Level Service Rates</u>				
TLS-C&I CA Rate (w/ csitma, carb, GHG)	\$0.078	\$0.078	\$0.000	0.3%
TLS-EG CA Rate (w/carb and GHG adders)	\$0.077	\$0.077	\$0.000	0.3%
System Average Rate	\$0.554	\$0.554	\$0.000	0.1%
Rates Revenue Requirement \$ millions	\$614	\$615	\$0	0.1%

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This concludes my prepared direct testimony.

1 **III. QUALIFICATIONS**

2 My name is Marjorie A. Schmidt-Pines. My business address is 555 West Fifth Street,
3 Los Angeles, California, 90013-1011. I am a Senior Principal Regulatory Economic Advisor in
4 the CPUC/FERC Gas Regulatory Affairs Department for SoCalGas and SDG&E as of December
5 2017.

6 I hold a Bachelor of Science degree in Business Administration with an emphasis in
7 Accounting from California State University at Northridge, California. I have been employed by
8 SoCalGas since 1981 and have held positions of increasing responsibilities as an Accountant and
9 Senior Accountant in the Accounting & Finance department, as an Analyst and a Budget
10 Coordinator in the Gas Supply department, as a Market Advisor for the Marketing and Customer
11 Services departments and Principal Regulatory Economic Advisor in the Regulatory Affairs
12 Department.

13 As Senior Principal Regulatory Economic Advisor, I represent the Gas Rate Design
14 Group for both SoCalGas and SDG&E in the role of Project Manager, Senior Analyst and
15 witness in various major regulatory proceedings and filings dealing with allocating authorized
16 revenue requirements to functions and customer rate classes, developing the design of the rate
17 for each class, calculating customer rate changes, and computing the impact on customers'
18 monthly bills.

19 I have previously testified before the Commission.
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