

Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2012.

A.10-12-005
(Filed December 15, 2010)

Application of Southern California Gas Company (U904G) for authority to update its gas revenue requirement and base rates effective on January 1, 2012.

A.10-12-006
(Filed December 15, 2010)

Application: A.10-12-006
Exhibit No.: SCG-216

**PREPARED REBUTTAL TESTIMONY OF
SARAH E. EDGAR
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

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

OCTOBER 2011



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1 **PREPARED REBUTTAL TESTIMONY OF**

2 **SARAH E. EDGAR**

3 **ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

4 **I. INTRODUCTION**

5 The following rebuttal testimony regarding Safety & Emergency Preparedness
6 addresses the intervenor testimony dated September 2011 of:

- 7
 - Division of Ratepayer Advocates (“DRA”) in Exhibit DRA-25.

8 No other parties submitted testimony addressing specific recommendations regarding
9 Southern California Gas Company’s (“SCG’s”) Test Year 2012 forecasts. SCG maintains
10 that its forecasts as presented in testimony and workpapers are reasonable. This rebuttal
11 testimony addresses DRA’s recommendations regarding adjustments to two operations and
12 maintenance (“O&M”) cost centers.

13 Specifically, my testimony can be summarized as follows:

- 14
 - DRA did not dispute the substance of any Safety or Emergency Preparedness
15 program or activity presented in SCG’s testimony or workpapers. Instead, DRA
16 focused exclusively on deriving lower 2012 forecasts without any consideration
17 to the impacts of its proposals, or why its forecasts will be sufficient to meet the
18 needs described in SCG’s showing. SCG maintains that its forecasts are
19 reasonable, supportable, and reflective of the incremental needs and known cost
20 drivers impacting this area.
 - While DRA has used 2010 recorded costs to produce lower forecasts, SDG&E’s
21 forecasts were appropriately developed with information up to and including
22 base year 2009, in accordance with the Rate Case Plan. Notwithstanding, SCG’s
23

1 needs in this important area are more reasonably supported by its 2012 forecasts,
2 while DRA's forecasts, which have no contextual support, will underfund SCG's
3 efforts to maintain and improve safety emergency response and recovery
4 programs as well as to comply with Federal and State safety standards and
5 requirements.

6 **II. REBUTTAL TO DRA**

7 **A. Overview**

8 SCG's Total 2012 O&M forecast is \$4.183 million.¹ DRA's 2012 forecast is \$3.643
9 million,² which is a \$540K reduction (or 13%).³ DRA takes issue with one shared service
10 cost center and one non-shared service cost center:

- 11 • Safety Programs (2200-2270 shared service), and
- 12 • Field Safety (2EE001.000 non-shared service).

13 Each of DRA's recommendations is discussed below.

14 **B. Safety Programs (2200-2270)**

15 SCG's 2012 forecast for this cost center is \$928K on a Book Expense basis (and
16 \$1.586 million on a Total Incurred Cost basis).⁴ SCG's forecast was based on 2009
17 recorded, which on a Book Expense basis represents a slight decrease to 2009 levels.⁵ DRA
18 proposes a forecast of \$1.250 million on a Total Incurred Cost basis and \$732K on a Book

¹ See Exhibit SCG-16, p. 2, Table SDD-1.

² See Exhibit DRA-25, p. 4, Table 25-3.

³ DRA's proposed adjustments as reflected in its testimony were subsequently clarified by DRA. See Attachment 1, which reflects DRA's proposed adjustments to O&M by cost center. DRA's presentation of specific cost center adjustments was done on a Total Incurred Cost basis rather than Book Expense basis, which is how SCG presents its entire shared service costs across all areas.

⁴ See Exhibit SCG-16-WP, p. 23.

⁵ See Id. at 22.

1 Expense basis, which it derived using a three-year average (2008-2010).⁶ DRA does not
2 raise any issue with the programs themselves, but nonetheless proposes to reduce SCG's
3 funding to below 2009 levels, merely noting the existence of fluctuations in the 2005-2010
4 recorded costs.⁷ DRA also claims SCG added incremental upward pressure items to support
5 its methodology.⁸ Given SCG proposes to keep costs at 2009 recorded levels, which, on a
6 Book Expense basis actually reduces the 2012 forecast to slightly below 2009 recorded,
7 DRA's claim is unfounded.

8 SCG's Safety Programs primary responsibility is to ensure compliance with safety
9 regulations and establish and manage programs, policies, and guidelines to ensure the safety
10 of its employees. The Safety department has undergone many organizational changes in
11 recent years. The important programs in this area include activities related to safety
12 regulation compliance, as well as efforts to minimize the risk of injury on the job. Safety
13 Programs has developed training programs such as job observations, defensive driving, body
14 mechanics, hearing conservation, respiratory protection, and personal protective equipment
15 in order to mitigate risk and better support the well-being and safety of its employees.
16 SCG's proposal to maintain 2009 funding levels is reasonable and supported by the merits
17 of the programs captured in this cost center.

18 **C. Field Safety (2EE001.000)**

19 SCG's 2012 forecast for this cost center is \$1.375 million.⁹ SCG's forecast was
20 based on 2009 recorded plus incremental expenses associated with the hiring of an

⁶ See Exhibit DRA-25 at 10, lines 4-5.

⁷ See Id., line 7.

⁸ See Id., lines 9-10.

⁹ See Exhibit SCG-16 at 2, Table SDD-1.

1 ergonomic specialist and two occupational nurses.¹⁰ DRA proposes a forecast of \$1.045
2 million, which is the 2010 recorded amount. DRA simply states that it takes issue with the
3 incremental upward pressure items, but provides no explanation why the incremental costs
4 should not be funded or why SCG should not invest in additional occupational health
5 resources to address the risks or injuries associated with performing utility services. Sprains
6 and strains are the company's highest frequency injuries and ergonomists focus on the
7 prevention of repetitive motion and cumulative trauma injuries. Occupational health nurses
8 are intended to provide health and wellness expertise and first level care to employees.
9 DRA's approach undermines SCG's efforts of ensuring a safe work environment for its
10 employees.

11 SCG's incremental needs are necessary and valuable in enhancing employee health
12 and safety, in furtherance of their service to the company and its customers. SCG's forecast
13 is therefore reasonable and should be adopted.

14 **III. SUMMARY AND CONCLUSION**

15 Forecasting is not an exact science; however, SCG's forecasts incorporate known
16 cost drivers and employ reasonable forecasting methodologies, which DRA has largely
17 ignored. SCG maintains that its forecasts are reasonable and supported by the information
18 provided in its original showing. Granting SCG's request will allow SCG adequate funding
19 to administer its Safety and Emergency programs and to enhance the health and safety of its
20 employees. Therefore, SCG requests that all of its 2012 forecasts be adopted.

21 This concludes my prepared rebuttal testimony.

¹⁰ See Id. at 5, lines 6-14.

1 **IV. WITNESS QUALIFICATIONS**

2 My name is Sarah E. Edgar. I am replacing the previous witness, Scott D. Drury.

3 My business address is 8306 Century Park Ct. San Diego, CA 92123. I am employed by
4 SDG&E as the Director of Safety, Wellness, & Disability Services. In my current position I
5 oversee three distinct work groups; Safety, EAP and Wellness, and Employee Care
6 Services. I have been in my current position since June of 2011.

7 I received a Bachelor of Science degree in Mechanical Engineering from the
8 University of California at Santa Barbara in June of 1986. I was previously employed by
9 SCG from 1986-2011 and moved to SDG&E in January 2011. I have held positions of
10 increasing responsibility in the following departments; Marketing, Transmission and
11 Storage, Information Technology, Distribution Operations, and Human Resources.

12 I have previously testified before the California Public Utilities Commission.

ATTACHMENT 1

Table DH-10
SOUTHERN CALIFORNIA GAS COMPANY
TEST YEAR 2012
SUPPORT SERVICES
(Thousands of Dollars)

Line No.	Witness Name	Workpaper Group No.	Description	2009	2012	2012
				Adjusted-Recorded (2009\$)	Estimated (2009\$)	Estimated (2012\$)
					SCG	
					()	
Madariaga, H		2FS000	Vehicle Rentals and Misc Asset Expenses	573	203	217
Madariaga, H		2FS002	Maintenance Operations	21,700	22,678	24,261
Madariaga, H		2FS003	Maintenance Management	1,032	1,015	1,082
Madariaga, H		2FS005	Amortization	17,058	20,928	20,974
			Fleet Services Total	40,363	44,824	46,534
Drury, S		2EE001	SCG Field Safety	777	1,045	1,115
			Emergency Preparedness & Safety Total	777	1,045	1,115
Gomez, L		2EV000	ENVIRONMENTAL	600	594	635
			Environmental Total	600	594	635
Sedgwick, K		2SS001	Logistics Shops North	6,617	6,181	6,592
Sedgwick, K		2SS002	Office Services	2,947	2,853	3,050
Sedgwick, K		2SS003	Retired CC	2,131	2,198	2,301
		2SS004		-	-	-
Sedgwick, K		2SS005	Meter Shops & Records	-	-	-
			Supply Services & Diverse Business Enterprises Total	11,695	11,232	11,943
Taylor, D		2RE001	SCG Facility Operations & Rents	16,711	16,697	17,704
Taylor, D		2RE003	Transportation Program	148	134	144
			Real Estate, Land, & Facilities Total	16,859	16,831	17,848
			Total NSS	70,294	74,526	78,075
Madariaga, H		2200-0802	ASSET MANAGEMENT	109	91	97
Madariaga, H		2200-0803	FLEET ASSET LD TEAM	314	283	302
Madariaga, H		2200-2018	FLEET ADMIN TEAM LEADER -SCG	121	102	109
Madariaga, H		2200-2019	FLEET TRAINING AND QA	66	149	159
Madariaga, H		2200-2020	FLEET OPERATIONAL PROGRAMS & COMPLIANCE	144	143	153
Madariaga, H		2200-2148	FLEET SERVICES DIRECTOR	4	106	113
Madariaga, H		2200-2266	ASSET PLANNING TEAM LEADER -SCG	115	102	109
Madariaga, H		2200-8926	Billed-in Cost Center for FLEET SERVICES	507	469	501
			Fleet Services Total	1,380	1,445	1,544
Drury, S		2200-0613	EMERGENCY SERVICES NORTH	210	174	186
Drury, S		2200-2270	SES DIRECTOR - SCG	950	732	782
Drury, S		2200-8917	Billed-in Cost Center for EMERGENCY	1,473	1,692	1,809
			Emergency Preparedness & Safety Total	2,633	2,598	2,777