

Company: San Diego Gas & Electric Company (U902M)
Proceeding: 2019 General Rate Case
Application: A.17-10-007/-008 (cons.)
Exhibit: SDG&E-209

SDG&E REBUTTAL TESTIMONY OF DEANNA R. HAINES

(GAS ENGINEERING)

JUNE 18, 2018

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



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1 **SDG&E REBUTTAL TESTIMONY OF DEANNA HAINES**
2 **(GAS ENGINEERING)**

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4 **I. SUMMARY OF DIFFERENCES**

TOTAL CAPITAL - Constant 2016 (\$000)					
	2017	2018	2019	Total	Variance
SDG&E	\$268	\$268	\$268	\$804	
ORA	\$889	\$268	\$268	\$1,425	\$621

5 **II. INTRODUCTION**

6 This rebuttal testimony regarding San Diego Gas & Electric's (SDG&E) request for Gas
7 Engineering addresses the testimony from the Office of Ratepayer Advocates (ORA) as
8 submitted by Yakov Lasko (Exhibit ORA-13), dated April 13, 2018.

9 As a preliminary matter, the absence of a response to any particular issue in this rebuttal
10 testimony does not imply or constitute agreement by SDG&E with the proposal or contention
11 made by this or other parties. The forecasts contained in SDG&E's direct testimony, performed
12 at the project level, are based on estimates of its revenue requirements at the time of testimony
13 preparation.

14 **A. ORA**

15 ORA issued its report on SDG&E Gas Engineering on April 13, 2018.¹ The following is
16 a summary of ORA's positions:

- 17 • ORA recommends that the Commission adopt SDG&E's 2017 adjusted-
18 recorded capital expenditure amount of \$889,000 for SDG&E's Gas
19 Engineer's Capital Expenditures request for Land Rights, Auxiliary
20 Equipment, and Capital Tools requests.
- 21 • ORA recommends zero funding in 2017 for Supervision and Engineering
22 Overheads.
- 23 • ORA does not oppose SDG&E's proposed capital expenditures of
24 \$268,000 in 2018 and 2019.

¹ April 13, 2018, ORA Report on SoCalGas – Gas Major Projects & Gas Engineering and SDG&E – Gas Engineering, Exhibit ORA-13 (Yakov Lasko).

1 **III. REBUTTAL TO PARTIES' CAPITAL PROPOSALS**

TOTAL CAPITAL - Constant 2016 (\$000)					
	2017	2018	2019	Total	Variance
SDG&E	\$268	\$268	\$268	\$804	
ORA	\$889	\$268	\$268	\$1,425	\$621

2 **A. Land Rights**

3 **1. ORA**

4 ORA recommends the use of SDG&E's 2017 adjusted-recorded capital expenditures of
5 \$488,000 for Land Rights for a total of \$488,000 rather than SDG&E's five-year average of
6 recorded costs of \$113,000. ORA does not oppose SDG&E's proposed 2018 and 2019 capital
7 expenditures for Land Rights. ORA recommends a total of \$714,000, which is \$375,000 more
8 than SoCalGas' forecast of \$339,000 for the three years combined.

9 Although a five-year average was selected as forecast for 2017, 2018, and 2019, a
10 renewal of easement of Line 1032 was expensed in 2017 increasing the actual expenditures for
11 2017. It is appropriate to use ORA's recommendation of SDG&E's 2017 adjusted-recorded
12 capital expenditures for Land Rights for 2017. Expenditures for 2018 and 2019 are still
13 anticipated to follow a five-year average; thus, SDG&E accepts ORA's recommended approach
14 for this GRC.

15 **B. Auxiliary Equipment**

16 **1. ORA**

17 ORA recommends the use of SDG&E's 2017 adjusted-recorded capital expenditures of
18 \$295,000 for Auxiliary Equipment rather than SDG&E's five-year average of recorded costs of
19 \$28,000. ORA does not oppose SDG&E's proposed 2018 and 2019 capital expenditures for
20 auxiliary equipment. ORA recommends a total of \$351,000, which is \$267,000 more than
21 SoCalGas' forecast of \$84,000 for all three years combined.

22 SDG&E accepts ORA's recommended change for this GRC.

23 **C. Capital Tools**

24 **1. ORA**

25 ORA recommends the use of SDG&E's 2017 adjusted-recorded capital expenditures of
26 \$106,000 for Capital Tools rather than SDG&E's five-year average of recorded costs \$54,000.
27 ORA does not oppose SDG&E's proposed 2018 and 2019 capital expenditures for Capital Tools.

1 ORA recommends a total of \$214,000, which is \$52,000 more than SoCalGas' forecast of
2 \$162,000 for the three years combined.

3 SDG&E accepts ORA's recommended change for this GRC.

4 **D. Supervision and Engineering Overheads**

5 **1. ORA**

6 ORA recommends zero funding in 2017 for Supervision and Engineering Overheads on
7 the grounds that these incurred costs are reflected in Budget Code 903. ORA does not oppose
8 SDG&E's proposed 2018 and 2019 capital expenditures for Supervision and Engineering
9 Overheads.

10 SDG&E accepts ORA's recommended change in 2017 funding and reiterates that 2017
11 costs associated with Supervision and Engineering Overheads (Budget Code 903) are
12 collectively presented in the revised Gas Distribution testimony of Gina Orozco-Mejia (Exhibit
13 SDG&E-04-R), Local Engineering Pool, as Budget Code 902.² SDG&E also accepts ORA's
14 recommended funding for Supervision and Engineering Overheads for this GRC.

15 **IV. CONCLUSION**

16 To summarize, SDG&E accepts ORA's recommendation that the Commission adopt
17 SDG&E's 2017 adjusted-recorded capital expenditure amount of \$889,000 for Land Rights,
18 Auxiliary Equipment, and Capital Tools. Further, SDG&E accepts ORA's recommendation to
19 provide zero funding in 2017 for Supervision and Engineering Overheads.

20 This concludes my prepared rebuttal testimony.

² December 2017, Revised Direct Testimony of Gina Orozco-Mejia Addressing Gas Distribution, Exhibit SDG&E-04-R (Gina Orozco-Mejia) at 99-102; "On March 12, 2018, ORA received Sempra's 2017 adjusted-recorded capital data. ORA was not able to find a reference to workpaper 009030 – Local GT Supervision and Engineering Pool in the received file. Upon further inquiry, ORA was informed by SDG&E in an email dated March 27, 2018, that Supervision and Engineering Overheads (Budget Code 903) costs are collectively presented in Ex. SDG&E-04-R, Local Engineering Pool, as budget code 902." Ex. ORA-13 (Lasko) at 35.

1 **V. WITNESS QUALIFICATIONS**

2 My name is Deanna R. Haines. My business address is 555 W. Fifth St., Los Angeles,
3 California, 90013. My current position is Director of Energy and Environmental Policy, and I
4 was previously Director of Gas Engineering under the Gas Engineering and Major Projects
5 organization at the Southern California Gas Company (SoCalGas). The Gas Engineering
6 organization provides gas engineering oversight and support to both SoCalGas and SDG&E. I
7 joined SoCalGas in 1988 and have been in my current position since April 2018 and Director of
8 Gas Engineering since December 2013. Before that date, I was the Director of Environmental
9 Services.

10 I have a Bachelor of Science Degree in Chemical Engineering from University of
11 Southern California and a Master's Degree in Business Administration from University of
12 Redlands. I have previously testified before the Commission.

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