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

Application 10-12-___
Exhibit No.: (SCG-20)

PREPARED DIRECT TESTIMONY OF

DAVID SARKARIA

ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

DECEMBER 2010

SCG Doc #249843

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1 PREPARED DIRECT TESTIMONY OF
2 DAVID SARKARIA
3 ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY
4 (PENSIONS & PBOPs)

I. INTRODUCTION AND SCOPE OF TESTIMONY

This exhibit provides an overview of the qualified retirement benefits at Southern California Gas Company ("SCG" or "Company") including the pension and postretirement health and welfare plans. These benefits are key components of the total compensation package provided to SCG nonrepresented and represented employees. The Towers Watson Study includes a detailed analysis of "total compensation," including benefits, as discussed in the direct testimony of Compensation and Benefits Witness Debbie S. Robinson [Exhibit SCG-19].

II. PENSION BENEFITS

A. Summary Description

1. Participant Demographics

The SCG Pension Plan ("Plan"), which was first established in 1932, provides benefits to approximately 7,100 active employees and 6,700 retirees, survivors and terminated participants entitled to future benefits. The average age of active employees is 44.5 years with an average of 16.7 years of service. Retirees who are currently receiving benefits average 75.4 years of age.

2. SCG Union Employees

The defined benefit plan for represented employees (the "Traditional Plan") provides a retirement benefit based on final average earnings and years of service. The minimum service requirement for benefit vesting purposes is five years. The Traditional Plan provides normal retirement at age 65 with five or more years of service and early retirement benefits at age 55 with at least 15 years of service. Employees who retire prior to attaining age 62 receive a reduced benefit unless the sum of their age and credited service equal a minimum of 90.

The normal form of benefit is a lifetime annuity which is actuarially reduced to provide a 50% joint and survivor benefit to a surviving spouse. In addition, several other

optional forms of benefit are available, including a lump sum option which is the most prevalent form of distribution.

3. SCG Non-represented Employees

Prior to July 1, 1998 SCG non-represented employees participated in the same plan design as the SCG union employees. Effective July 1, 1998, employees began participating in the Cash Balance Plan. Any employee hired prior to July 1, 1998 ("Grandfathered Employee") continued to accrue benefits under the "grandfathered" Traditional Plan (the "Grandfathered Plan") for a five-year transition period. Benefit accruals under the Grandfathered Plan were frozen as of June 30, 2003.

Participants in the Cash Balance Plan receive retirement credits equal to 7.5% of eligible earnings and interest on their account balances up to the date of distribution. Interest credits are based on the 30-year U.S. Treasury bond rate, which changes annually based on the November average for the immediately preceding year. Special transition retirement credits and interest credits apply for a limited period to certain Grandfathered Employees.

Until July 1, 2003, Grandfathered Employees received benefits equal to the greater of the benefit calculated under the Grandfathered Plan or their benefit under the Cash Balance Plan. On or after March 1, 2007, a Grandfathered Employee's benefit is the greater of (1) their Cash Balance Plan account balance or (2) their Grandfathered Plan benefit plus their Frozen Benefit Plus+ Account. The Frozen Benefit Plus+ Account is based on retirement and interest credits accrued beginning July 1, 2003 (after the Grandfathered Plan was frozen).

Effective January 1, 2008, participants are 100% vested after three years of service. Although several forms of benefit payment are available, over 90% of participants elect a lump sum distribution.

B. Pension Cost Estimate

The Company's actuary, Towers Watson, provides an annual certified actuarial valuation of the pension plan that includes the value of benefit obligations and minimum required contributions. The valuations are performed in accordance with generally

accepted actuarial principles and practices. Plan expense, as shown in Table 1, is based on minimum required contributions in accordance with the Employee Retirement Income Security Act of 1974 (ERISA) and as allowed by the Internal Revenue Code (IRC).

Table 1 - Summary of 2009 vs. 2012 Pension Benefit Expenses

		In Thousands		
Cost Center	**Benefit Description**	**2009 Actual**	**2012 Budget[1]**	**2009-2012 Change**
2200-8001.000	**Pension**	**$ 75,105**	**$110,060**	**$ 34,955**

[1] Reflects current projected minimum pension contribution

C. Test Year Pension Expense

As discussed in the balance of this exhibit, pension contributions are difficult to project with certainty due to the impacts of numerous external variables. Consequently, the current estimated test year contribution of $110.1 million is very likely to change. The Company has included a 2012 contribution equal to the amount contributed in 2009 ($75.105 million). The Company's actual contribution will be the ERISA-required minimum, currently projected to be $110.1 million. Any 2012 variance between authorized and actual contributions would be subject to the current two-way balancing account mechanism. The goal of this proposal is to (1) postpone for one year the projected increase in pension funding due to the continuing difficult economic conditions facing our customers and (2) to allow for the return to historical market returns that may act to mitigate future pension funding requirements.

D. ERISA Funding Requirements

1. Minimum Required Contributions

Under the Pension Protection Act of 2006 (PPA), the minimum required annual contribution is equal to the target normal cost plus amortization of any funding shortfall. The target normal cost is the present value of benefits expected to be earned by participants during the plan year. The PPA established a plan funding target equal to the

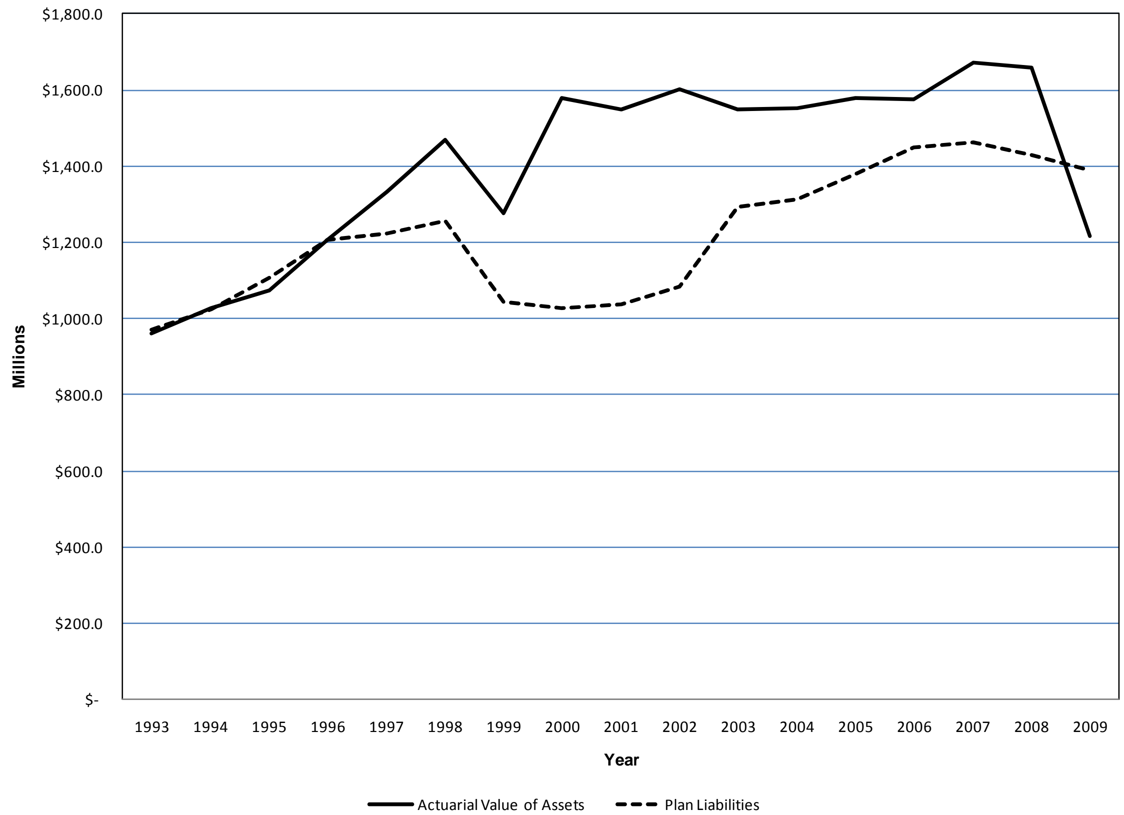
present value of benefits accrued or earned as of the valuation date (January 1 for the Plan). A funding shortfall occurs when the actuarial value of plan assets falls below the PPA funding target.

In an effort to reduce the minimum required contribution and funding shortfall, the Company elected to change the method for determining the actuarial value of assets beginning with the 2009 valuation. The Worker, Retiree and Employer Recovery Act of 2008 (WRERA) provided certain funding relief provisions to mitigate the effects of market performance. Consequently, the Plan changed its asset valuation method from the fair market value method to a three-year average value of assets (adjusted for contributions, disbursements and expected earnings). The "smoothing" of assets values reduced the 2009 minimum required contribution by approximately $18.5 million.

WRERA also modified the PPA amortization schedule to mitigate the impact of 2008 financial market conditions which resulted in a decline in SCG pension asset value of over $400 million. Under WRERA, the funding target is reduced by 8% in 2008, 6% in 2009, and 4% in 2010. The full PPA funding target applies for plan years beginning in 2011. As a result, the funding shortfall, for purposes of determining minimum required contributions for 2009, was almost $83.4 million lower than the amount required under the PPA (prior to WRERA).

Prior to 2009, the Plan had experienced a long period during which Plan assets exceeded liabilities and minimum contributions were not required. Chart 1 shows Plan assets and liabilities for the period 1993 through 2009.

1 **Chart 1 – SCG Pension Plan Assets vs. Liabilities: 1993 – 2009**



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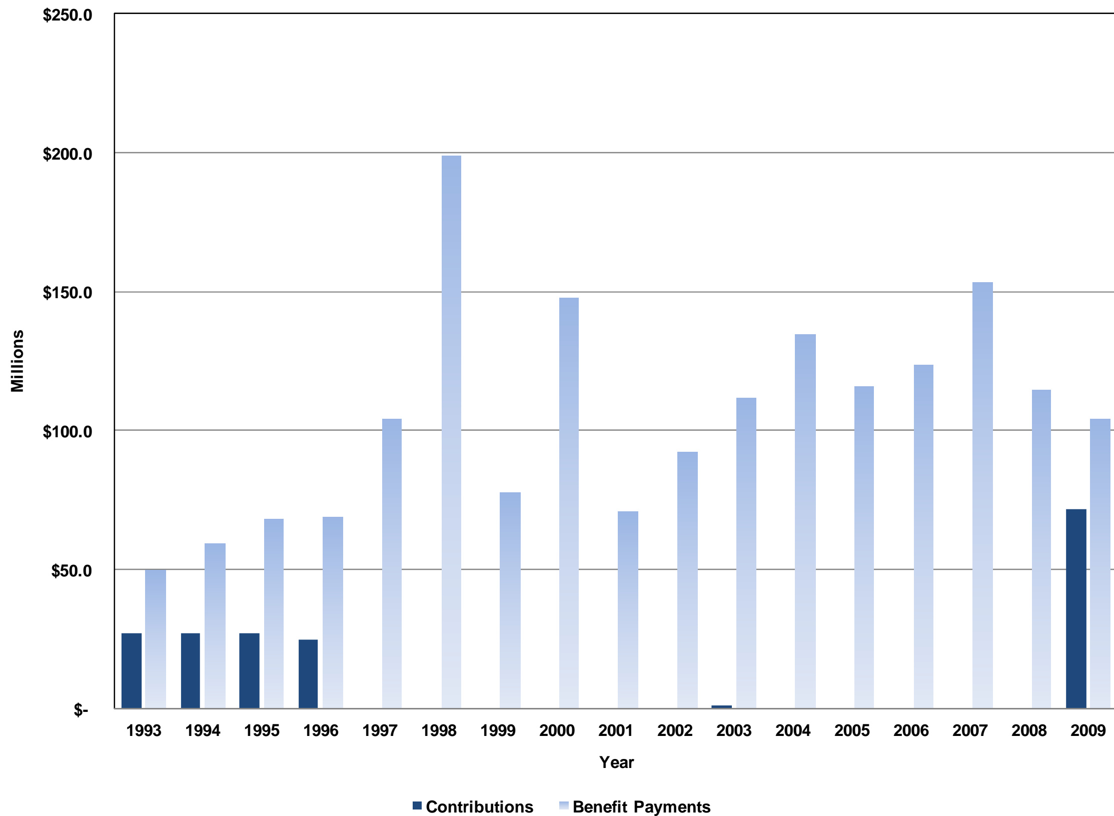
4 Chart 2 shows contributions and benefit payments. It is important to note how
5 market returns sustained the payment of benefit obligations for many years without the
6 need for minimum contributions. In fact, during the period 1997 through 2008, only $1.3
7 million was contributed to the Plan while over $1.5 billion was distributed to participants.

8

Chart 2 – SCG Pension Plan Contributions vs. Benefit Payments: 1993 – 2009



2. Benefit Limitation Threshold

In addition to the minimum required contributions under IRC §412 (pre-2008) and IRC §430 (post 2007), the PPA also established benefit limitation criteria. If the plan's funded status falls below 80% (i.e., the ratio of plan assets to the funding target equals 0.8 or less), the plan would be subject to certain benefit restrictions, potentially higher required minimum contributions, and higher Pension Benefit Guaranty Corporation premiums.

As can be seen in Chart 3, since 1997, the Plan has maintained a funded percentage ratio well above 100% until 2008, when the funded percentage dropped from 116.1% at January 1, 2008 to 87.4% at January 1, 2009. The January 1, 2009 actuarial valuation reflects the dramatic decline in asset value in 2008 as discussed in Section II.D.1.

1
2

Chart 3 – SCG Pension Plan Funded Percentage: 1993 – 2009

3

4 The impact to Plan benefits of falling below the 80% funded level can be
5 mitigated by providing additional security. Pursuant to IRC regulations, security can be
6 structured using a surety bond, cash or U.S. Treasury issues held in an escrow account.
7 The security is treated as part of the Plan assets for purposes of triggering benefit
8 limitations; however, it is not included in Plan assets for determining minimum required
9 contributions. The security must also remain in place until the Plan reaches a 90%
10 funded level and must be sufficient to insure a minimum 80% funded status.

11 The alternative solution is to simply fund at levels sufficient to maintain the 80%
12 funded status. The advantage of this option is to immediately begin realizing the tax-
13 deferred return on contributions. In addition, it is consistent with the statutory mandate
14 of the PPA, which is to attain full funding levels by 2015.

E. Market Returns and Discount Rate

1. Market Returns

Plan assets are managed through a master trust and invested in a diversified portfolio of equity and bond securities. As shown in Table 2, the Plan experienced a 2008 investment return of -26.3% compared to its investment benchmark of 70% equity and 30% bonds which had a -27.1% return. The Plan's long-term actuarial assumption is an annualized 7.0% return. Therefore, the Plan was almost 35% below target on January 1, 2009.

Table 2 – Pension Plan Investment Returns: 2004 – YTD March 2010

Year	Investment Policy Benchmark	Master Trust Actual	S&P 500	Barclay's Aggregate Bond
2004	12.0%	13.0%	10.9%	4.3%
2005	9.0%	8.8%	4.9%	2.4%
2006	14.2%	14.9%	15.8%	4.3%
2007	8.5%	9.1%	5.5%	7.0%
2008	-27.1%	-26.3%	-37.0%	5.2%
2009	22.8%	22.4%	26.5%	5.9%
YTD March 2010	3.8%	3.9%	5.4%	1.8%

Table 3 shows the cumulative returns for 3-year, 5-year, and 10-year periods. Despite a significant market rebound in 2009, the annualized 10-year return is just 2.4% compared to the actuarial target of 7.0%.

1 **Table 3 – Annualized Pension Plan Investment Returns**

2

Year	Investment Policy Benchmark	Master Trust Actual	S&P 500	Barclay's Aggregate Bond	Actuarial Assumption
3 Years Ended 3-31-10	-0.3%	0.0%	-4.2%	6.7%	7.0%
5 Years Ended 3-31-10	4.9%	5.2%	1.9%	5.7%	7.0%
10 Years Ended 3-31-10	3.2%	2.4%	-0.6%	6.3%	7.0%

3

4

5 The impact of the market decline has affected all U.S. pension plans and recovery
6 of portfolio value will most probably take several years.

7 **2. Discount Rates**

8 In addition to market returns, the discount rate used in determining the minimum
9 required funding is another important variable. The Plan uses IRS-prescribed 24-month
10 average segment rates. A new effective interest rate ("EIR") is determined each year, on
11 January 1, based on the prior 24-month high-quality corporate bond yield history. The
12 EIR is the single interest rate that produces the same liability that results from using the
13 three distinct segment rates. The IRS also allows an EIR determination using a one-
14 month average yield curve; however, this method lacks the "smoothing" effect of the 24-
15 month average.

16 The 2009 EIR was 6.35%, which is significantly higher than the projected 5.37%
17 EIR for 2012. Assuming all other variables are constant, a reduction in EIR would
18 increase minimum required contributions.

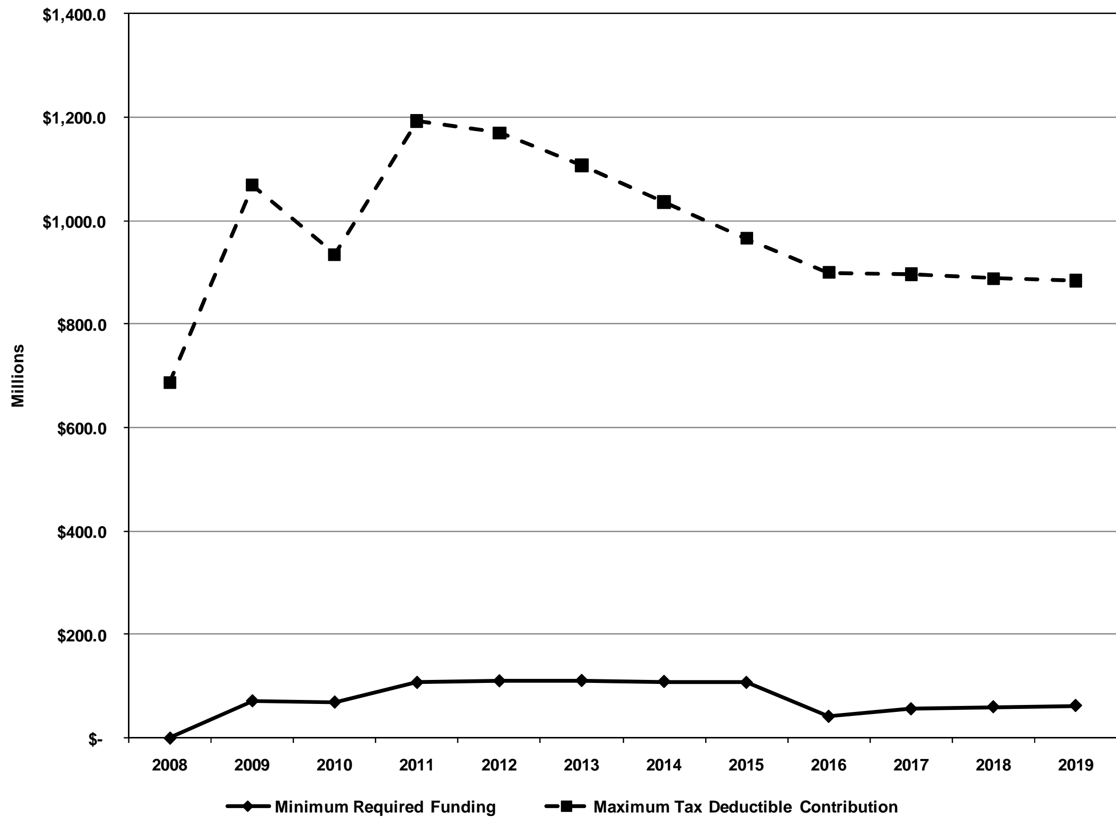
19 **F. Pension Expense and Funded Percentage Projections**

20 **1. Pension Expense Projections**

21 A projection of estimated minimum required contributions for the period 2010
22 through 2019 is shown in Chart 4. The projections include any changes in participant

1 levels based on the headcount assumptions for the period 2010 thru 2012. Actual
2 contributions are also included for plan years 2008 and 2009. In addition, the maximum
3 tax deductible amounts are included. Under the PPA, maximum contributions are
4 generally equal to the sum of 150% of the funding target, the target normal cost, an
5 allowance for future pay or benefit increases, less the actuarial value of assets. The
6 deductible limit will not be less than the minimum required contribution.

7 **Chart 4 – SCG Pension Plan Minimum Required Funding Projection**
8



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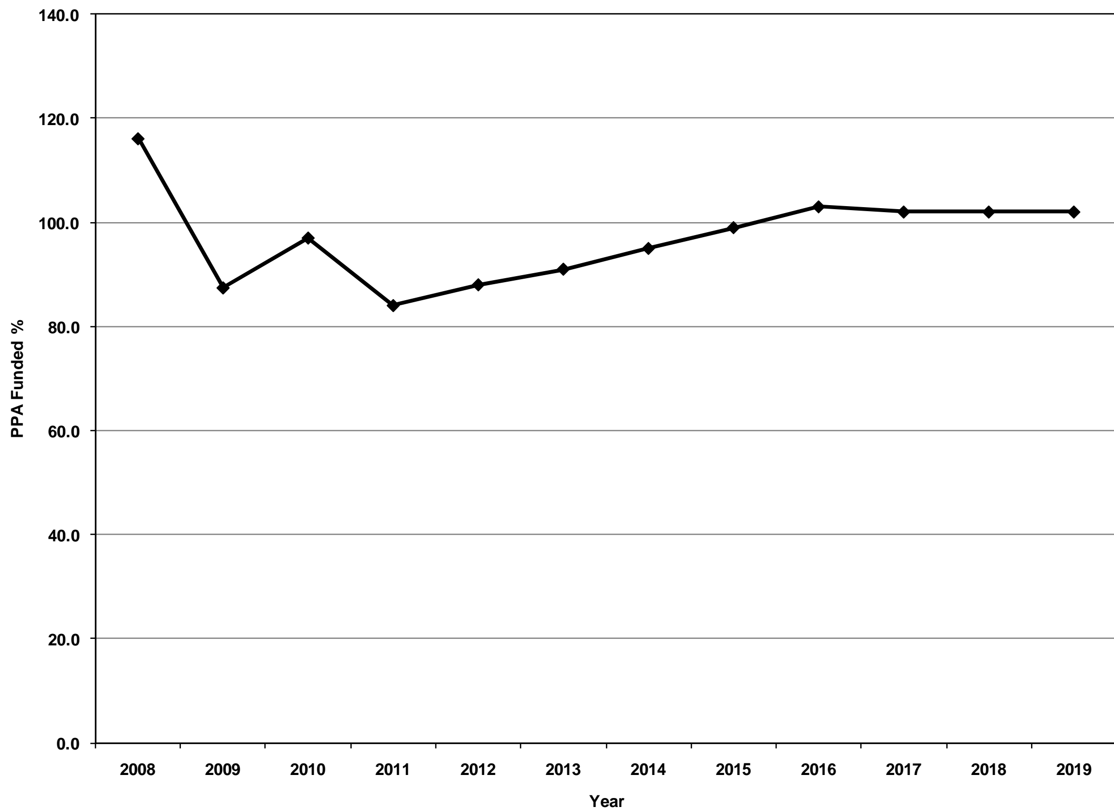
11 The projected minimum required contributions significantly decrease beginning in
12 2016 when the funding shortfall is fully amortized. The estimates are based on an
13 assumed 7.0% investment return and a 5.36% effective interest rate throughout the 2012
14 thru 2019 period. Increases in either the effective interest rate or the actual investment
15 returns would decrease the minimum funding requirement. Conversely, decreases in
16 these variables would increase the funding requirement.

1 **2. Funded Percentage Projections**

2

3 As noted in Chart 5, the funded percentage is not expected to fall below 80%.
4 The lowest funded percentage is projected to be 84% in 2011. The projections assume a
5 7.0% investment return and a 5.36% EIR for the post-2011 period. However, if the Plan
6 should experience another significant decline in investment returns, the funded status
7 would decline and potentially trigger benefit limitations and increased funding
8 requirements.

9 **Chart 5 – SCG Pension Plan Funded Percentage Projection: 2010 - 2019**
10



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12 Although the Plan funded ratio is not expected to fall below 84%, SCG requests
13 that the actual amount funded be determined based on the greater of the minimum
14 required contribution or the contribution necessary to maintain at least an 85.0% funded
15 percentage.

G. Regulatory Treatment

As discussed above, SCG is required to make minimum contributions to its pension trust in accordance with ERISA and the IRC. The amount of the required minimum contribution can fluctuate over time based on factors not subject to management control. The two-way balancing account allows SCG to recover required pension contributions based on prescribed actuarial calculations that consider external variables such as market return on invested assets, interest rates and federal legislative changes.

The Commission has consistently approved the use of a two-way balancing account as the mechanism for addressing the risk of variability in pension expense. In the SCG 2008 General Rate Case ("2008 GRC"), the Commission (in D.08-07-046) approved a settlement agreement ("Settlement Agreement") that provided for annual pension funding based on the minimum required contribution.

At the time of the settlement, the 2009 SCG Plan contribution was projected to be $0. As a result of the large decline in Plan asset values due to the world-wide financial crisis, the projected timing and level of required contributions dramatically changed. A minimum contribution of $75.1 million was required in 2009, a year earlier and at a much higher level than expected.

In response to the material change in circumstances, SCG filed a petition to modify D.08-07-046 to permit an annual balancing account true-up rather than the previously approved mechanism. In D.09-09-011, the Commission approved SCG's petition to modify the mechanism for recovery of pension expenses. The Settlement Agreement was "modified to allow the annual amortization of pension contributions recorded in the Pension Balancing Account incremental to the contributions included in the settlement revenue requirement."

Pacific Gas and Electric Company ("PG&E") has a similar pension cost recovery mechanism. In D.06-06-014, the Commission adopted an uncontested PG&E settlement that established a two-way Pension Contribution Balancing Account (PCBA) to track any variations from authorized contributions. The PCBA would reflect any contributions that

were lower than the authorized amount and any higher contributions that were required under federal law.

Like SCG, PG&E also experienced a decline in its pension plan asset values. Subsequent to the SCG's petition, PG&E requested a modification of its mechanism for recovery of pension expense (Application 09-03-003). PG&E proposed adjusting its pension contributions on an annual basis rather than waiting until the end of its three- to four-year general rate case cycle. PG&E stated that an annual true-up would permit a more timely response to financial market volatility and the impact on funded status.

In D.09-09-020, the Commission adopted the All-Party Settlement Agreement related to PG&E's pension cost recovery mechanism between PG&E, the Coalition of California Utility Employees, and the Division of Ratepayer Advocates. Specifically, the decision ordered PG&E to (1) retain its PCBA; (2) implement an annual true-up of the PCBA; and (3) recalculate its pension contribution and revenue requirements if and when the actual funded status falls below 85%.

Pursuant to D.08.07-046, the disposition of the Pension Balancing Account (PBA) would occur at the end of the 2008 GRC cycle and be resolved in the next general rate case; however, pursuant to D.09-09-11, SCG was authorized annual amortization of the PBA balance. The PBA is described in detail in the testimony of Regulatory Accounts Witness Gregory Shimansky [Exhibit SCG-34], including the SCG proposal to continue the annual amortization of the PBA as adopted in D.09-09-11. In addition, SCG proposes that the minimum required pension contribution and revenue requirement would be increased, if necessary, so that the Plan's funded status is at least 85.0%. The Company believes this is consistent with prior Commission decisions and protects the ratepayers from potential variability in funded status due to multiple external factors.

III. POST-RETIREMENT BENEFITS OTHER THAN PENSION ("PBOP")

A. Summary Description

1. Participant Demographics

SCG provides post-retirement health and life insurance benefits, collectively referred to as PBOP or the PBOP Plan. Cost projections for the PBOP Plan consider the future cost of providing benefits to active employees. There are approximately 7,250

active employees with an average age of 44.3 years and an average of 16.3 years of service. There are approximately 4,900 retirees and survivors. Retirees who are currently receiving benefits average 72.3 years of age.

2. SCG Union Employees

Represented SCG employees are eligible for PBOP upon retirement after age 55 with 15 years of service or after age 65 with 5 years of service. Eligible retirees can elect medical coverage from a number of plans offered through Anthem Blue Cross, Kaiser or PacifiCare. The Company also provides mental health, substance abuse, dental and life insurance benefits. Retiree life insurance coverage is equal to final base pay until the retiree reaches age 65. At age 65 and age 68 the coverage level drops to 50% and 25%, respectively, of final base pay.

Retiree contributions for medical coverage vary depending on the date of retirement, age, and years of service. Retirees pay a portion of dental premiums; however, life insurance is solely paid by the Company.

Effective December 1, 2009, benefits include a health reimbursement account (HRA). Individual HRA accounts are established at the date of retirement and are available to reimbursement retirees for qualified medical expenses during retirement. Opening account balances are based on the value of a percentage of unused sick leave and all unused vacation. HRA accounts receive monthly interest credits, on the unused balance, based on a 30-Year U.S. Treasury bond rate.

3. SCG Non-represented Employees

SCG non-represented employees who retired prior to January 1, 2006 generally participate in the same Benefits provided to represented employees. Effective January 1, 2006, eligibility requirements were changed to retirement after age 55 with 10 years of service or age 62 with at least 5 years of service. The Company contributes a fixed dollar amount for medical and dental benefits based on coverage level: retiree-only or retiree with one or more dependents. Access to a discount vision program is provided; however, the retiree pays all costs. Term retiree life insurance coverage of $25,000 is paid entirely by the Company. Non-represented employees are not eligible for the HRA benefit.

1 **B. PBOP Cost Estimate**

2 An annual certified actuarial valuation of the PBOP Plan is prepared by the
3 Company's actuary that includes the value of benefit obligations and minimum required
4 contributions. The valuations are performed in accordance with generally accepted
5 actuarial principles and practices. PBOP expense includes both current retirees and an
6 allocation of costs for current employees who are expected to access benefits in the future
7 upon retirement. PBOP costs are determined pursuant to Financial Accounting Standard
8 715-60 (formerly Financial Accounting Standard 106). Table 4 provides a summary of
9 the PBOP expense based on FAS 715-60.

10 **Table 4 - Summary of 2009 vs. 2012 PBOP Expense**

		In Thousands		
Cost Center	**Benefit Description**	**2009 Actual**	**2012 Budget[1]**	**2009-2012 Change**
2200-8001.000	**PBOP**	**$ 25,942**	**$ 44,140**	**$ 18,198**

[1]Reflects current projected PBOP contribution

11

12 Chart 6 illustrates the projected FAS 715-60 expense amounts for the period 2010
13 through 2019 net of the Medicare Part D subsidy. Medicare Part D provides financial
14 subsidies to employers who provide retirees over age 65 with health coverage that
15 includes prescription drugs. The subsidies result in a decrease in FAS 715-60 expense
16 and any subsidies received are contributed to the applicable PBOP trust. For the majority
17 of the plan's population, the maximum tax deductible contributions are based on the
18 difference between the present value of projected benefits and the market value of PBOP
19 assets. This amount is currently much greater than the FAS 715-60 expense due to the
20 large unfunded liability. In 2009 the FAS 715-60 expense was $25.9 million compared to
21 a maximum tax deductible amount of $408.7 million.

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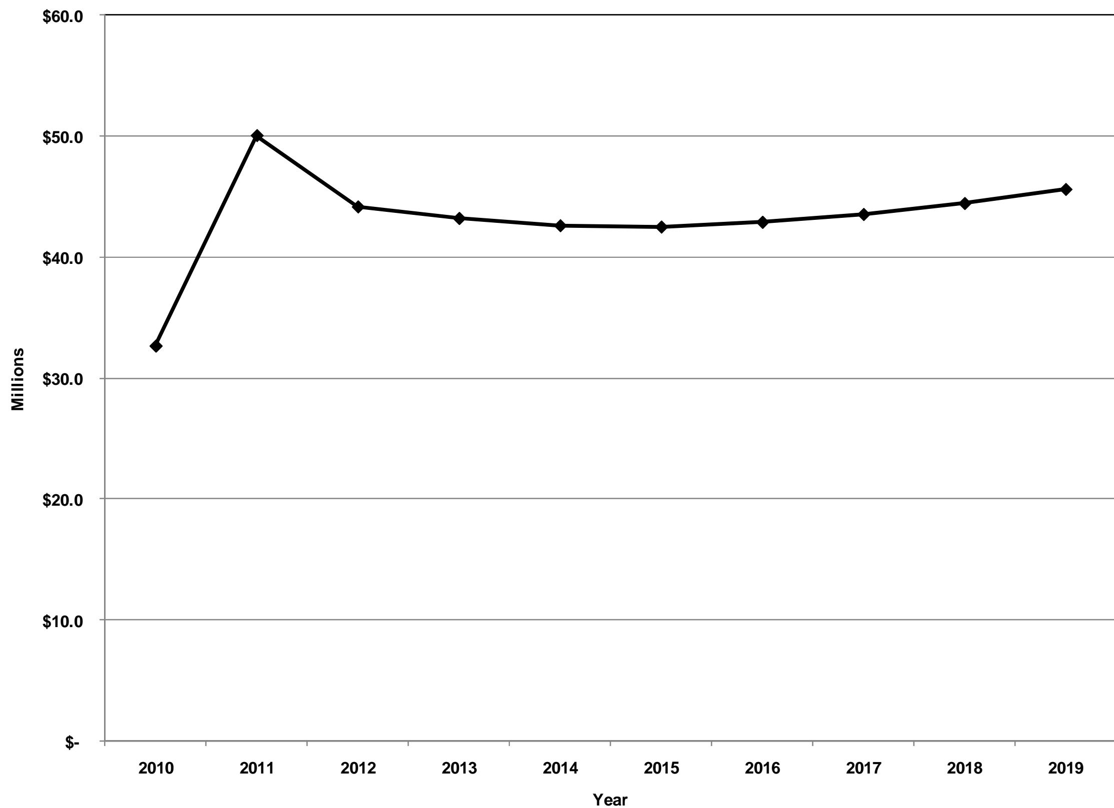
Chart 6 – SCG 2010 – 2019 PBOP Expense



C. Test Year PBOP Expense

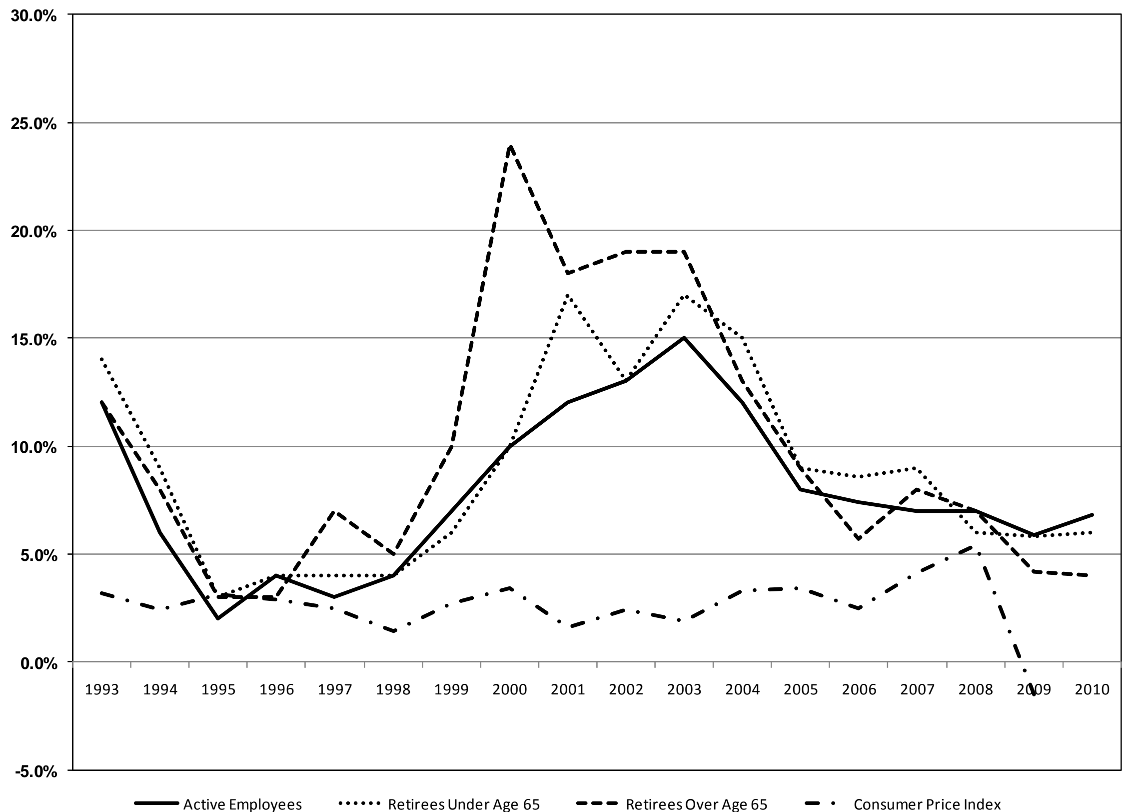
Similar to pension expense, PBOP expense is difficult to project with certainty due to the impacts of numerous variables including benefit utilization, healthcare escalation, Plan asset returns and interest rates. Consequently, the current estimated test year contribution of $44.14 million is likely to change. The Company has included a 2012 contribution equal to the amount contributed in 2009 ($25.942 million). The Company's actual contribution will be the FAS 715-60 expense, currently projected to be $44.14 million. Any 2012 variance between authorized and actual contributions would be subject to the current PBOP two-way balancing account mechanism.

D. Health Care Cost Escalation

Medical benefit cost assumptions and trend rate have a significant impact on actual and projected plan expense. Historically, trend rates have exhibited a cyclical

pattern. Chart 7 illustrates average medical cost increases for the period 1993 thru 2010, as reported by the Towers Watson Health Care Cost Survey. The comparison to the Consumer Price Index shows the significance of medical care cost increases and its relative value compared to other non-health related goods and services.

Chart 7 – Average Medical Cost Increases: 1993 – 2010

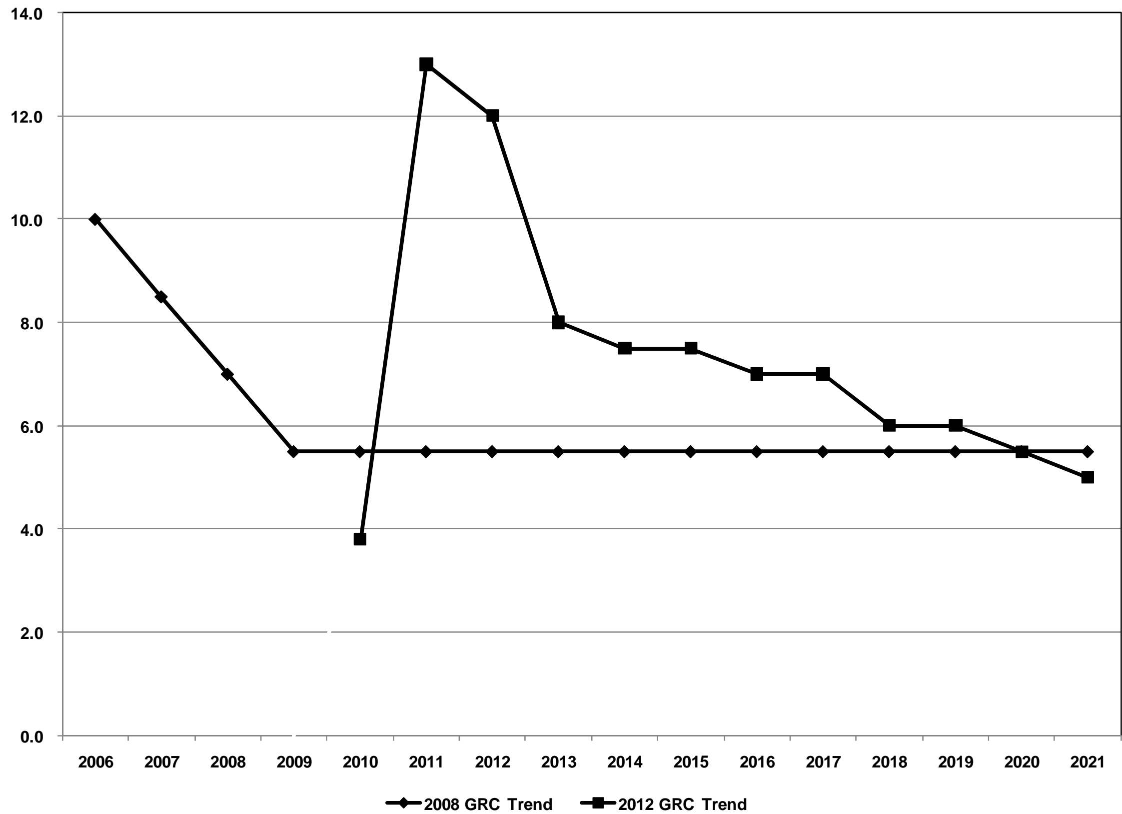


The projection of PBOP expense includes an actuarial projection of future health care escalation factors, both short-term and long-term. In the short term, trend rates reflect recent changes in annual increases due to health care cost increases and participant utilization levels. The ultimate trend is more indicative of general economic conditions.

The increase in PBOP expense from 2009 to 2012 is based primarily on a significant projected increase in medical cost for 2011 and 2012. As shown on Chart 8, the health trend assumptions for the period 2011 thru 2021 dramatically changed from the 2008 to the 2012 GRC PBOP projections. The impact of trend is also dependent on plan

design. PBOP expense increases when a percentage cost sharing mechanism is used as is the case for represented participants in the SCG PBOP Plan.

Chart 8 – Health Care Trend: 2008 GRC vs. 2012 GRC



The 13% aggregate increase for 2011 is based on renewal rates received from the Company's health insurance providers. The Company and its consultant, Towers Watson, continue to review the potential impact of the Patient Protection and Affordable Care Act on future health care trends as regulations and guidance are issued by the various regulatory agencies.

1
2 **E. PBOP Assets and Liabilities**

3 PBOP plans are prefunded using a number of funded and flow-through voluntary
4 employee benefit association trusts (VEBAs) as well as a 401(h) trust. As with the
5 pension trust, the funded VEBAs and 401(h) trust suffered significant declines in the
6 market value of assets. During 2008, the accumulated postretirement benefit obligation
7 (APBO) funded percentage fell from 97.3% to 64.6% (see Chart 7), a $240 million
8 decrease in funded position.

9 **Chart 9 – SCG 2005 – 2019 PBOP Funded Percentage**
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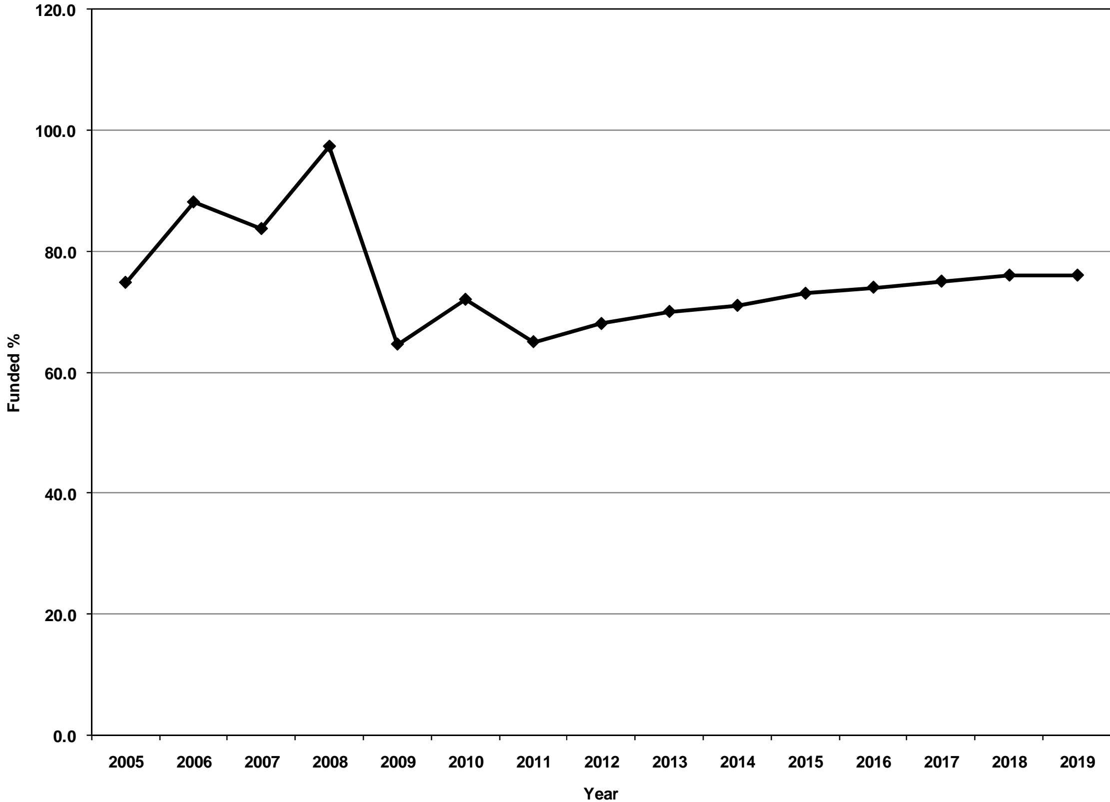

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12 **F. Regulatory Treatment**

13 The future costs related to PBOPs are difficult to determine due to the numerous
14 variables that affect the actual FAS 715-60 expense including the applicable discount
15 rate, actual investment returns on plan assets, plan design features, demographic

characteristics, health care inflation, claims experience, and legislative changes. In response to this forecasting challenge, the Commission has approved recovery of PBOP expenses subject to a two-way balancing account to adjust the revenue requirement to the FAS 715-60 costs actually incurred, limited by the maximum tax deductible amount allowed by the IRC. This approach has been employed for all California utilities for almost 20 years (see D.92-12-015).

The Commission has consistently approved the use of a two-way balancing account mechanism for addressing the risk of variability in PBOP expense. In the 2008 GRC, the Commission (in D.08-07-046) approved a settlement agreement ("Settlement Agreement") that provided for annual PBOP funding in rates based on an estimate of FAS 715-60 expense. Any increase or decrease in actual expense, limited by the amounts permitted as deductible by the IRS, would be recorded as an adjustment to the Post-retirement Benefits Other than Pensions Balancing Account (PBOPBA).

In conjunction with its request to modify the mechanism for recovery of pension expense, SCG also requested permission to implement an annual PBOPBA true-up rather than wait until the next scheduled general rate case. In D.09-09-011, the Commission approved SCG's petition to modify the mechanism for recovery of PBOP expenses as ordered in D.08-07-046 and "allow the annual amortization of Post-Retirement Benefits Other than Pensions recorded in the [PBOPBA] incremental to the expenses included in the settlement revenue requirement."

The PBOPBA is described in detail in the testimony of Regulatory Accounts Witness Gregory Shimansky [SCG-34], including the SCG proposal to continue the annual amortization of the PBOPBA as adopted in D.09-09-11.

This concludes my prepared direct testimony.

IV. QUALIFICATIONS – WITNESS DAVID SARKARIA

My name is David Sarkaria. My business address is 101 Ash Street, San Diego, California. My current position is Director Compensation and Benefits for Sempra Energy. The Compensation and Benefits department supports the Sempra Energy Corporate Center and Sempra Energy's other business units including San Diego Gas & Electric and the Southern California Gas Company.

My present responsibilities include managing Sempra Energy's overall compensation and benefit programs, including all benefits-related compliance activities.

I have a Bachelor's degree in Chemistry from California State University, Long Beach, Masters in Business Administration from California State Polytechnic University, Pomona, and Juris Doctor degree from Western State University College of Law, Fullerton, California. I am a licensed member of the California State Bar, Certified Internal Auditor, Certified Fraud Examiner, Certified Employee Benefits Specialist, Certified Compensation Professional, and Senior Professional in Human Resources.

I joined the Southern California Gas Company in 1994, moved to Sempra Energy in 1998 and have held various positions within the Accounting, Finance, and Human Resources areas. Prior to being employed by Southern California Gas Company, I was engaged in private law practice and prior to that was a tax counsel with Phillips Petroleum in Houston, Texas.

I am sponsoring the Pension and Postretirement Benefits Other Than Pension testimony in Southern California Gas Company's 2012 General Rate Case Application. I have not previously testified before the California Public Utilities Commission.