

Company: Southern California Gas Company (U904G)  
Proceeding: 2019 General Rate Case  
Application: A.17-10-007/008 (cons.)  
Exhibit: SCG-211

**SOUTHERN CALIFORNIA GAS COMPANY**  
**REBUTTAL TESTIMONY OF DAVID L. BUCZKOWSKI**  
**(ALISO CANYON TURBINE REPLACEMENT PROJECT)**

**JUNE 18, 2018**

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





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3   **I.       INTRODUCTION**

4           This rebuttal testimony regarding Southern California Gas Company’s (SoCalGas)  
5 request for Aliso Canyon Turbine Replacement Project (the Project) addresses the following  
6 testimony from other parties:

- 7           •       The Office of Ratepayer Advocates (ORA) as submitted by Mr. Kelly C.  
8                   Lee (Exhibit ORA-14), 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 SoCalGas with the proposal or contention  
11 made by this or other parties.

12           In my direct testimony I support the reasonableness of \$275.5 million in capital  
13 expenditures by SoCalGas to complete the Project.<sup>1</sup> I demonstrate that the future public  
14 convenience and necessity required construction of the Project at an increased cost. SoCalGas  
15 requests authorization from the Commission to recover in rates in this instant GRC \$74.6 million  
16 in costs that exceed the previously-authorized cost of \$200.9 million for the Project.

17           **A.       ORA**

18           ORA issued its report on the Project on April 13, 2018.<sup>2</sup> The following is a summary of  
19 ORA’s positions:

- 20           •       ORA does not oppose SoCalGas’ presentation to justify the  
21                   reasonableness of ACTR expenditures.<sup>3</sup>

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<sup>1</sup> October 6, 2017, Prepared Direct testimony of David Buczkowski Addressing Aliso Canyon Turbine Replacement Project, on behalf of Southern California Gas Company [SoCalGas], Exhibit SCG-11 (Buczkowski).

<sup>2</sup> April 13, 2018, ORA Report on Results of Operations for San Diego Gas and Electric Company and Southern California Gas Company Test Year 2019 General Rate Case, SoCalGas – Underground Storage, and Aliso Canyon Turbine Replacement Project, Exhibit ORA-13 (Kelly C. Lee).

<sup>3</sup> Ex. ORA-13 (Lee) at 3:10-11.

- ORA does not recommend any adjustment to SoCalGas' forecast for the Project.<sup>4</sup>
- SoCalGas presents the reasons for cost variances for each major project cost elements to justify its claim that the total cost variance in the ACTR project is reasonable. ORA does not take issue with SoCalGas' presentation in its testimony at this time.<sup>5</sup>
- The ACTR project is not scheduled to be completed until 2018 as costs are still forecasted for the year. ORA recommends that after the ACTR project is completed and put in service, a full audit of SoCalGas expenditures be performed by the Commission or an assigned entity to determine the reasonableness of all the charges, or even perform another reasonableness review in the next GRC.<sup>6</sup>

## II. DISCUSSION

The Project was placed into service on May 17, 2018.<sup>7</sup> The current Project cost exceeds that which was presented in my direct testimony, however, SoCalGas is *not* seeking an update to the revenue requirement presented in this instant GRC to incorporate the incremental project cost at this time. A summary of the incremental project cost is provided in Appendix A of this testimony.

SoCalGas opposes ORA's suggestion that a second reasonableness review be conducted in the next general rate case. As required by the Commission in Decision (D.) 13-11-023, the

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<sup>4</sup> *Id.* at 25:19-20.

<sup>5</sup> *Id.* at 29:9-12.

<sup>6</sup> *Id.* at 29:16-20.

<sup>7</sup> On May 18, 2018, Southern California Gas Company (SoCalGas) filed Advice Letter (AL) 5294 requesting approval by the California Public Utilities Commission (Commission) for revisions to its revenue requirement and rates effective July 1, 2018, for revenue requirement of \$ 200.9 million. AL 5294 was submitted pursuant to D.13-11-023 at Ordering Paragraph (OP) 11, which provides that after the ACTR Project (Project) is completed and becomes operational SoCalGas can submit a Tier 2 AL. On May 28, 2018, SoCalGas filed AL 5294-A adjusting the revenue requirement to account for the O&M savings and capital benefits. A copy of the AL 5294 and 5294-A are attached to this Rebuttal Testimony.

1 reasonableness review of \$275.5 million in Project costs presented in my direct testimony is  
2 taking place in this GRC<sup>8</sup> and should not be repeated.

3 Since ORA did not take issue with SoCalGas' presentation of the Project costs, SoCalGas  
4 seeks authorization to proceed with the rate recovery of \$74.6 million in costs that exceed the  
5 previously-authorized cost of \$200.9 million for the Project. As discussed in the rebuttal  
6 testimony of Rae Marie Yu (Exhibit SCG-242), Project costs incurred in excess of \$275.5  
7 million will be recorded in the existing Aliso Canyon Memorandum Account (ACMA) and may  
8 be sought in a subsequent GRC.<sup>9</sup>

### 9 **III. CONCLUSION**

10 For the reasons set forth in my direct testimony and above, SoCalGas seeks the following  
11 Commission findings:

- 12 1. The reasonableness review of incurred Project costs is taking place in this GRC,  
13 as previously ordered by the Commission in Decision 13-11-023;
- 14 2. The requested \$74.6 million in incurred Project costs above the authorized \$200.9  
15 million cost cap were reasonably-incurred and shall be recovered in rates; and
- 16 3. SoCalGas shall continue to maintain the ACMA to record additional capital-  
17 related costs in excess of \$275.5 million, which may be sought for recovery in a  
18 subsequent GRC.

19 This concludes my prepared rebuttal testimony.

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<sup>8</sup> See D.13-11-023 at OP 12: ("If actual Aliso Canyon Turbine Replacement Project (Project) costs exceed \$200.9 million, a reasonableness review of all Project costs must be conducted in Southern California Gas Company's (SoCalGas's) general rate case following completion of the Project.").

<sup>9</sup> June 18, 2018, Prepared Rebuttal Testimony of Rae Marie Q. Yu Addressing Regulatory Accounts, on behalf of SoCalGas, Exhibit SCG-242 (Yu) at 3:7-21.

1 **APPENDIX A**

2 **UPDATED PROJECT CAPITAL INVESTMENT**

3 SCG-223 - Aliso Canyon Turbine Replacement Project  
4 SoCalGas – Witness David L. Buczkowski

5 (*\$ millions*)

<i><b>\$MM</b></i>	<b>Included in GRC</b>	<b>At Completion</b>	<b>Variance</b>
Direct	\$212.6	\$214.4	<b>\$1.8</b>
Overheads	\$11.2	\$11.9	<b>\$0.7</b>
AFUDC	\$45.9	\$54.1	<b>\$8.2</b>
Property Taxes	\$5.7	\$7.0	<b>\$1.3</b>
Total	\$275.5	\$287.3	<b>\$11.9</b>