

Company: Southern California Gas Company (U 904 G)
Proceeding: 2024 General Rate Case
Application: A.22-05-015/-016 (cons.)
Exhibit: SCG-205-E

**REBUTTAL TESTIMONY OF
WALLACE RAWLS
(GAS SYSTEM STAFF & TECHNOLOGY)**

ERRATArrata

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



May-June 2023

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I. SUMMARY OF DIFFERENCES

Table WR-1

| TOTAL O&M - Constant 2021 (\$000) | | | |
|--|-----------------------|-----------------------|---------------|
| | Base Year 2021 | Test Year 2024 | Change |
| SOCALGAS | 15,657 | 23,616 | 7,959 |
| CAL ADVOCATES ¹ | 15,657 | 23,616 | 7,959 |
| TURN ² | 15,657 | 23,616 | 7,959 |

II. INTRODUCTION

This rebuttal testimony regarding Southern California Gas Company’s (SoCalGas or the Company) request for Gas System Staff & Technology addresses the following testimony from other parties:

- The Public Advocates Office of the California Public Utilities Commission (Cal Advocates) as submitted by Maricela Sierra (Exhibit (Ex.) CA-02), dated March 27, 2023.
- The Utility Reform Network (TURN), as submitted by Garrick Jones (Ex. TURN-10).

¹ March 27, 2023, Prepared Direct Testimony of Maricela Sierra addressing SCG Gas Operations (Part 1), on behalf of Cal Advocates. Cal Advocates accepts the Gas System Staff & Technology expense request in its entirety for TY2024. Therefore, the table above reflects Gas System Staff & Technology’s forecast.

² March 27, 2023, revised May 8, 2023, Prepared Direct Testimony of Garrick Jones addressing SDG&E & SoCalGas Fleet Services and Compensation & Benefits. TURN opposes SoCalGas Gas System Staff & Technology’s request for incremental vehicles; however, the funding for this request is sponsored in the testimony of Michael Franco regarding Fleet Services. Therefore, the table above reflects Gas System Staff & Technology’s forecast.

1 As a preliminary matter, the absence of a response to any particular issue in this rebuttal
2 testimony does not imply or constitute agreement by SoCalGas with the proposal or contention
3 made by these or other parties. The forecasts contained in SoCalGas’s direct testimony,
4 performed at the project level, are based on sound estimates of its revenue requirements at the
5 time of testimony preparation.

6 Cal Advocates “accepts the Gas System Staff & Technology expense request in its
7 entirety for [Test Year] TY2024.”³ This testimony addresses TURN’s opposition to SoCalGas’s
8 request for incremental vehicles. Although my direct testimony supported the justification for
9 those incremental vehicles, the associated costs are sponsored in SoCalGas’s Fleet Testimony.⁴
10 TURN did not otherwise contest SoCalGas’s Gas System Staff & Technology forecast. TURN
11 argues that SoCalGas is double collecting costs for rental and purchased vehicles, TURN is
12 incorrect, as described in more detail below.⁵ SoCalGas has found rental vehicles to be a
13 necessary tool in preventing work stoppage for field employees as global supply chain shortages
14 have caused unprecedented delays in purchased vehicle deliveries. Therefore, the Commission
15 should reject TURN’s arguments regarding SoCalGas’s Gas System Staff & Technology’s
16 request for vehicles.

17 **A. Cal Advocates**

18 The following is a summary of Cal Advocates’ position on SoCalGas’s Gas System Staff
19 & Technology’s Operations and Maintenance (O&M) request:⁶

- 20 • Cal Advocates accepts the Gas System Staff & Technology expense request in its
21 entirety for TY 2024.⁷

³ Ex. CA-02 (Sierra) at 3.

⁴ Ex. SCG-18-R (Franco).

⁵ Ex. TURN-10 (Jones) at 13-14.

⁶ Ex. CA-02 (Sierra) at 3.

⁷ *Id.*

1 05) has several references to the need for short-term rentals while they wait for
2 the delivery of Fleet vehicles. The cost of a short-term rental is included, for
3 example, in the \$140,000 Non Labor forecast increment for 10 Operator
4 Qualifications evaluators, which indicates that it will need incremental vehicles to
5 support incremental evaluator positions. However, SCG is also including the
6 Lease and License cost for the acquisition of 12 ¾ Ton Pickups and 2 Electric
7 Carts at an annual cost of \$91,493 for Operator Qualification evaluators. This
8 constitutes a ratemaking error, given that SCG is asking for the cost of vehicles in
9 two separate places – once in the business-unit forecast (i.e., \$140,000 for short-
10 term rentals) and once in the Fleet Services forecast (i.e., approximately \$91,493
11 for Lease and License costs of long-term leases). Moreover, and SCG states the
12 following regarding Additional Vehicles in response to a Cal Advocates data
13 request: “Although ... [Additional Vehicles] are increasing the fleet count, they
14 are replacing the rental vehicles that were sourced in support of the employees
15 that were approved during the 2019 GRC.” TURN cannot find any evidence that
16 SCG has reduced the forecasts requiring additional vehicles for workpapers that
17 rely on historic-year averaging or the Base Year. To the extent that such accounts
18 have rental vehicles baked into the historical period, SCG should have made
19 adjustments to these accounts to avoid double collecting for vehicle services.¹¹
20

21 SoCalGas disagrees with TURN’s allegation that it is seeking to double collect for
22 vehicle services or that it has committed any ratemaking errors.¹² First, TURN’s statement that
23 “SCG is also including the Lease and License cost for the acquisition of 12 ¾ Ton Pickups and
24 two Electric Carts at an annual cost of \$~~[105,098.30]~~ 91,493 for Operator Qualification
25 evaluators”¹³ incorrectly assumes that all vehicles forecasted for Gas System Staff & Technology
26 are for Operator Qualification.¹⁴ However, the two electric carts and two of the 3/4-ton Pickup
27 Trucks were forecasted for the Training department in SoCalGas’s workpaper, WP# 2SI001, Gas
28 Operations Training & Development and not for Operator Qualification. Thus, the \$140,000
29 associated with short-term vehicle rentals supports preventing work stoppage, as discussed
30 below, for both the Operator Qualification and the Training departments.

31 ~~Second, TURN appears to assume that the \$140,000 associated with short-term vehicle~~

¹¹ Ex. TURN-10 (Jones) at 13-14. In the above excerpt, TURN refers to \$91,493. This number has been corrected to an annual cost of \$105,098.30 in Ex. SCG-18-WP-R-E Michael S Franco FLEET REDACTED at 137 (See column “New Unit #”, rows 1 –14).

¹² *Id.* at 13.

¹³ *Id.* at 13.

¹⁴ *Id.* at 13 and n.33.

1 ~~rentals and the \$91,493 for Lease and License of long-term vehicles are both for~~
2 ~~new Full-Time Equivalent (FTEs).~~

3 ~~This is incorrect, as the \$91,493 is for vehicles for existing FTEs. TURN points to~~
4 ~~SoCalGas's response to one of its data requests in support of its argument that SoCalGas is~~
5 ~~double counting.¹⁵ TURN, however, incorrectly assumes that the additional vehicles mentioned~~
6 ~~in response to that data request are the same as the vehicles described in Ex. SCG-05 (Rawls)~~
7 ~~and Ex. SCG-05-WP-R. However, the vehicles described in response to~~

8 ~~TURN's data request are for incremental field employees that were approved in the 2019~~
9 ~~GRC but where the accompanying vehicles were not.¹⁶ As such, SoCalGas has had to utilize~~
10 rental vehicles to prevent a work stoppage for the field employees hired. This has created
11 inefficiencies, as rental vehicles are not outfitted for utility work and rented vehicles cost more
12 than purchased vehicles over time. Over the last three years, SoCalGas has spent \$6.26 million
13 on vehicle ~~rentals~~leases. Please see Rebuttal Testimony of Michael Franco regarding Fleet
14 Services (Ex. SCG-218) for more information about vehicle rental costs.

15 SoCalGas is not seeking to “double collect” for incremental vehicles. Rather SoCalGas is
16 requesting incremental vehicles (both rental and longer-term vehicles) for both existing FTEs
17 and new FTEs. My testimony seeks recovery of short-term rental vehicle costs and Mr. Franco's
18 testimony seeks recovery of long-term leases. As stated in SoCalGas's Fleet Services direct
19 testimony, “SoCalGas has experienced the effects of global supply chain disruptions that
20 continue to impact vehicle deliveries.”¹⁷ Rental vehicles have become a necessary tool to
21 prevent work stoppage for recently hired field employees, including Operator Qualification
22 evaluators, while waiting for vehicle purchases delayed by supply chain disruptions. As provided
23 for in SoCalGas's Fleet Services direct testimony:

24 The planning, design, acquisition, inspection, and in-service of each new vehicle
25 can take months to years, primarily driven by vehicle complexity, with smaller,
26 less complex vehicles having shorter lead times and heavier, more complex
27 vehicles having longer lead times.¹⁸
28

¹⁵ Id. at 14.

¹⁶ D.19-09-051 at 398.

¹⁷ Ex. SCG-18-R (Franco) at MF-22.

¹⁸ Id. at MF-28.

1 Before the COVID-19 pandemic, vehicles were typically acquired with a six month to one year
2 lead time. Now, due to the extensive global supply chain delays caused by the pandemic, the
3 requested trucks are requiring a year to one-and-a-half-year lead time for delivery. Therefore,
4 incurring rental vehicle costs is necessary until vehicle delivery can take place, at which point
5 ownership costs will begin to be incurred and rental vehicle costs will no longer be incurred.

6 **IV. CONCLUSION**

7 SoCalGas's Gas System Staff & Technology's direct testimony, workpapers, and
8 responses to data requests provide substantial justification for the Commission to authorize its
9 O&M request in full as presented in Ex. SCG-05 (Rawls). As described in this rebuttal testimony,
10 TURN's recommendations regarding the requested incremental vehicles are based on an
11 incomplete understanding of SoCalGas's testimony and data presented in response to TURN's
12 data request. For the reasons discussed above, Gas System Staff & Technology's O&M request
13 should be fully approved.

APPENDIX A
GLOSSARY OF TERMS

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| ACRONYM | DEFINITION |
|----------------|---|
| Cal Advocates | The Public Advocates Office of the California Public Utilities Commission |
| FTE | Full-Time Equivalent |
| O&M | Operations & Maintenance |
| PAO | California Public Advocates Office |
| SDG&E | San Diego Gas & Electric Company |
| SoCalGas | Southern California Gas Company |
| TURN | The Utility Reform Network |
| TY | Test Year |