

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.

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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 No. 10-12-006  
Exhibit No.: (SCG-27-R)

**REVISED**  
**PREPARED DIRECT TESTIMONY OF**  
**BOB WIECZOREK**  
**ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

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

**JULY 2011**



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CHANGE LOG

1                                   **REVISED PREPARED DIRECT TESTIMONY OF**  
2   **BOB WIECZOREK**  
3                                   **ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**  
4   **(DEPRECIATION)**

5  
6   **I.     PURPOSE OF TESTIMONY**

7           The purpose of this testimony is to address the depreciation expense and accumulated  
8 provision (reserve) for depreciation of Gas Plant of the Southern California Gas Company  
9 (“SCG” or “SoCalGas”).

10   **II.    SUMMARY OF REQUEST**

11           As shown in Table SCG-BW-1, the Gas Plant depreciation expense for the Recorded  
12 Year 2009 is \$291 million, and the expense requested for Test Year (“TY”) 2012 is \$370 million.  
13 As shown in Table SCG-BW-2, the accumulated provision for depreciation for the end of  
14 Recorded Year 2009 of \$5,131 million, and proposed for the end of TY 2012 is \$5,760 million.  
15 (These tables are found at the end of this testimony.)

16   **III.   OVERVIEW**

17       **A.     Definitions**

18           The Federal Energy Regulatory Commission (“FERC”) defines “depreciation” in the  
19 Code of Federal Regulations 18, Parts 101 and 201:

20           *“Depreciation, as applied to depreciable electric (gas) plant, means the loss in service*  
21 *value not restored by current maintenance, incurred in connection with the consumption or*  
22 *prospective retirement of electric (gas) plant in the course of service from causes which are*  
23 *known to be in current operation and against which the utility is not protected by insurance.*  
24 *Among the causes to be given consideration are wear and tear, decay, action of the elements,*  
25 *inadequacy, obsolescence, changes in the art, changes in demand and requirements of public*  
26 *authorities.”*

27           The FERC further defines service value: “Service value means the difference between  
28 original cost and net salvage value of electric (gas) plant.” And the FERC defines net salvage  
29 value: “Net salvage value means the salvage value of property retired less the cost of removal.”

1           The following are definitions of certain terms contained in the FERC Uniform System of  
2 Accounts (“USoA”) related to depreciation:

- 3           1. *Service value* means the difference between original cost and net salvage value of  
4           utility plant.
- 5           2. *Original cost*, as applied to utility plant, means the cost of such property to the person  
6           first devoting it to public service, as previously mentioned.
- 7           3. *Net salvage value* means the salvage value of property retired less the cost of  
8           removal.
- 9           4. *Salvage value* means the amount received from property retired, less any expenses  
10           incurred in connection with the sale or in preparing the property for sale; or, if  
11           retained, the amount at which the material recoverable is chargeable to materials and  
12           supplies, or other appropriate accounts.
- 13           5. *Cost of removal* means the cost of demolishing, dismantling, tearing down or  
14           otherwise removing utility plant, including the cost of transportation and handling  
15           incidental thereto.
- 16           6. *Service life* means the time between the date utility plant is includible in utility plant  
17           in service, or utility plant leased to others, and the date of its retirement. If  
18           depreciation is accounted for on a production basis rather than on a time basis, then  
19           service life should be measured in terms of the appropriate unit of production.

20           The definitions above are ordered so that the depreciation concepts flow from one to the  
21 next. Service value is specifically linked to original cost. Depreciation accounting is the  
22 recovery of the original cost of assets and not the economic, market, or any other non-original  
23 cost measures of value. Under current practice, regulatory definitions require that salvage and  
24 cost of removal be considered. More importantly, the regulatory definitions are specific in their  
25 requirement that salvage and cost of removal be included at the amounts expected to be received  
26 or incurred, i.e., at the price level expected at the time of receipt or incurrence. This is evident in  
27 the wording of the definitions. “Amount received” is stated in the salvage value definition and  
28 “cost of” in the cost of removal definition. The definition implies future amounts, not current  
29 price levels or present values.

1           **B.     Methodology**

2           A depreciation study was conducted in preparation for this General Rate Case (“GRC”).  
3           The methods used to calculate the mortality characteristics (service lives, retirement dispersions,  
4           and net salvage rates) and to calculate the straight-line remaining life depreciation rates are  
5           consistent with Standard Practice U-4, Determination of Straight-Line Remaining Life  
6           Depreciation Accruals (“Standard Practice U-4”). The California Public Utilities Commission  
7           (“CPUC” or “Commission”) issued this standard practice in 1961 as a guide for determining  
8           proper depreciation accruals and has consistently upheld its use by the California utilities in  
9           computing service lives, retirement dispersion, and net salvage rates. During the course of the  
10          depreciation study, results were reviewed and validated through a process which involved  
11          consulting the historical data for the assets as well as interacting with various operation  
12          departments to consider their observations and evaluations regarding SCG’s capital assets and  
13          infrastructure. This process re-affirmed the study detail showing that existing infrastructure is  
14          lasting longer, resulting in the lengthening of lives in certain accounts. Future net salvage has  
15          increased for some accounts, while others show a decrease. In addition, factors such as new  
16          technology, continued heightened focus on safety, and the need for increased reliability of the  
17          SCG system will have impacts to the average service lives and future net salvage of assets,  
18          which are either reflected in this GRC, or are anticipated to have impacts which will be reflected  
19          in future cases. For example, new technology can have the effect of either extending or reducing  
20          the lives of various assets. Future depreciation studies will continue to be conducted to weigh  
21          the influence and evaluate those effects on utility assets.

22          The depreciation expense shown for Recorded Year 2009 directly results from the  
23          application of depreciation parameters<sup>1</sup> authorized by the Commission in SCG’s TY 2008 GRC  
24          decision.<sup>2</sup> Beginning in TY 2012, SCG proposes depreciation expense (shown on Table SCG-  
25          BW-1) which was calculated using new depreciation rates per the depreciation study. This study  
26          used historical data to analyze and adjust, where indicated, the assigned mortality characteristics  
27          of the plant accounts. The total TY 2012 depreciation expense increased \$79 million due to  
28          plant growth (net additions) from 2009 to 2012 and the proposed lower depreciation rates. The

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<sup>1</sup> “Depreciation parameters” (or “mortality characteristics”) refer to the average service life, retirement dispersion, and net salvage rate for a group of assets.

<sup>2</sup> D. 08-07-046 (August 1, 2008), as modified by D.09-06-052 (June 18, 2009).

1 depreciable plant growth and the investments for the Recorded Year 2009 through the TY 2012  
2 are addressed in rate base testimony of Garry G. Yee (Exhibit SCG-26).

#### 3 **IV. DEPRECIABLE LIVES FOR TY 2012**

4 Depreciable lives were studied primarily for mortality plant accounts, and in one instance  
5 for forecast accounts (i.e., FERC account 390). Mortality accounts, generally referred to as mass  
6 accounts, maintain records for related types of property grouped by vintage year without regard  
7 to specific location. Examples of such property types are gas mains (FERC account 376) or  
8 meters (FERC account 381).

9 Utilities often apply the mass-asset convention of accounting also, known as the “group”  
10 method, as defined by the National Association of Regulatory Utility Commissioners  
11 (“NARUC”), to certain fixed assets such as gas mains and other components of their  
12 transmission and distribution systems. These FERC accounts are too numerous to track on an  
13 individual basis given the small relative value of each individual asset. The group method is  
14 distinct from the convention of accounting known as the “unitary” method in that the unitary  
15 method considers each individual asset, regardless of size. In addition, many utilities often  
16 utilize a “composite” convention of accounting for component parts of larger assets which are  
17 impractical to separately track. As opposed to the unitary convention of accounting for fixed  
18 assets, generally neither the group nor composite convention of accounting result in the  
19 recognition of a gain or loss upon the retirement of an asset. Rather, any difference between the  
20 net book value of the assets and the value realized at retirement (salvage proceeds less removal  
21 and disposal costs) are embedded in accumulated depreciation and considered in the  
22 determination of prospective depreciation rates.

##### 23 **A. Simulated Plant Record (“SPR”) Method of Analysis**

24 Mortality characteristics were reviewed for the mortality accounts using historical data  
25 through 2009. Each of these accounts has been assigned a representative Iowa-type survivor  
26 curve<sup>3</sup> combined with an average service life. SCG’s review indicated the need to modify the  
27 average service lives for 18 of these accounts, while all others continue to exhibit the lives  
28 agreed to in the Settlement with the Division of Ratepayer Advocates (“DRA”) and approved in

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<sup>3</sup> Iowa-type survivor curves plot the percent surviving (from an original asset placement group) versus the age of the group. The age is typically expressed as a percentage of average service life. The Iowa curves were developed from empirical industrial data, and are the most widely-used standardized survivor curves in the utility industry.

1 SCG's TY 2008 GRC decision. The lengthening of average service lives has been the general  
2 trend for SCG assets.

3 The SPR analysis can be used when only annual additions, retirements and balances are  
4 available. SCG used the SPR Balances method (used for these mortality accounts) which  
5 attempts to duplicate actual balances for an account by generating simulated retirements based  
6 on vintage additions and an assumed Iowa-type retirement dispersion and average service life.  
7 An Iowa curve type is tested using varying average service lives until the actual test band  
8 balances are most closely approximated, as measured by the minimum sum of squared  
9 differences (“SSD”). This is done for all 31 curve types, which are then ranked using an Index  
10 of Variation.<sup>4</sup> Judgment is used to select the most representative Iowa curve type and service  
11 life combination.

12 This SPR method is used by many utilities and Commissions to determine the best fit life  
13 characteristics of property when the property records do not contain the age of the property at  
14 retirement. The SPR method selects a retirement dispersion based upon the closeness matching  
15 actual annual amounts to those that have been simulated. In this case, actual period retirements  
16 are compared. The closeness of the match is measured by the Conformance Index (“CI”) or the  
17 reciprocal, the Index of Variation (“IV”). The CI and IV result from measuring the sum of  
18 squared differences between the simulated and actual amounts. A multi-curve listing will detail  
19 the CI and IV, with the highest ranked curves displaying the higher CI and conversely, the lower  
20 IV. The maturity of the account is measured by the Retirement Experience Index (“REI”)  
21 assuring that a unique and specific retirement pattern is being picked up in the simulation  
22 analysis.

23 Different average lives for each and every curve type are considered as the SPR program  
24 simulates the data against the actual and then displays the best option for that curve type based  
25 on the parameters discussed above. The REI of 100% will indicate that a complete curve was  
26 used in the simulation event. Similar to the actuarial analysis which matches Iowa curves to  
27 survivor curves, this SPR analysis seeks a curve type which will provide the best match or is a  
28 suitable extension of the truncated / stub curves.

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<sup>4</sup> Index of Variation = [1000 x (SSD/years in band) ^.5]/ (average actual balance).

1 The individual results of the SPR for SoCalGas are included in this testimony and work  
2 papers. The Forecast method was used for General Plant Structures and Improvements.  
3 Remaining lives for each vintage of plant are calculated by dividing the area under the survivor  
4 curve to the right of its age by the ordinate at that age. The average remaining life for each  
5 account was calculated by weighting the remaining life of each vintage year with its surviving  
6 plant balance as of December 31, 2009.

## 7 **V. NET SALVAGE RATES FOR TY 2012**

8 As stated in the NARUC Publication, *Public Utility Depreciation Practices*, “salvage and  
9 cost of removal analysis involves the determination of salvage and cost of removal as a  
10 percentage of the cost of the retired property. This percentage is referred to herein as a “factor.”  
11 The techniques employed depend upon the type of property being studied and the type of data  
12 available. These techniques can involve analysis of history, the anticipated future, or both. The  
13 procedures in general use have the ability to measure the salvage and cost of removal of the  
14 original installations, but rarely do so because of data limitations. If this situation is not  
15 recognized and compensated for, selected net salvage factors will be inconsistent with selected  
16 average service lives.

17 Historically, most regulatory commissions have required that both gross salvage and the  
18 cost of removal be reflected in depreciation rates. The theory behind this requirement is that,  
19 since most physical plant placed in service will have some residual value at the time of its  
20 retirement, the original cost recovered through depreciation should be reduced by that amount.  
21 Closely associated with this reasoning is the accounting principle that revenues be matched with  
22 costs and the regulatory principle that utility customers who benefit from the consumption of  
23 plant pay for the cost of that plant, no more, no less. The application of the latter principle also  
24 requires that the estimated cost of removal of plant be recovered over its life.”<sup>5</sup>

25 NARUC also adds that when property is retired, the effect of both salvage and removal  
26 costs must be considered.<sup>6</sup> The net salvage gives consideration to both of these items and  
27 represents the salvage less the removal costs. If the salvage exceeds the removal costs, the net  
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<sup>5</sup> Public Utility Depreciation Practices, NARUC, August 1996, p. 157.

<sup>6</sup> Public Utility Depreciation Practices, NARUC, August 1996, p. 157.



1 salvage is considered positive. When the removal costs exceed the salvage, the net salvage is  
2 negative. The effect of net salvage, whether positive or negative, must be considered in the  
3 calculation of depreciation.

4 In this depreciation study, the estimated net salvage rates (equal to gross salvage less cost  
5 of removal as a percentage of retired plant cost) were determined after analyzing data for the past  
6 15 years (1995 through 2009). The analysis indicated the need to change the net salvage rates  
7 for 21 accounts, while remainder of the accounts are still consistent with the rates agreed to in  
8 the Settlement with DRA and authorized in SCG's 2008 GRC decision. The method of analysis  
9 is based on that specified in the Standard Practice U-4.

10 The prevailing trend of recent SCG studies is toward more negative net salvage rates.  
11 Generally, a change in net salvage rates is related to the change in service lives (which are  
12 lengthening at SCG) and has an offsetting impact on depreciation rates and expense. For  
13 example, when asset lives are lengthened, positive salvage values decline or become negative as  
14 the physical item continues to deteriorate and the cost to dispose of that item increases. Also,  
15 since the asset's vintage year reflects the original acquisition costs, the continually increasing  
16 cost of removal affects the ratio. Since the future net salvage estimate is expressed as a  
17 percentage of the original historical cost<sup>7</sup> of the associated retirement (a constant), the result is a  
18 more negative net salvage rate. Thus, while a lengthening life decreases the annual depreciation  
19 expense, the resulting more negative net salvage rate will increase expense.

## 20 VI. DEPRECIATION RATE CALCULATION

21 As stated in the NARUC's *Public Utility Depreciation Practices*, regulators are  
22 challenged by short-run and long-run interests affecting both the ratepayer and the Company. If  
23 the depreciation rates prescribed are too low, the revenue requirement in the short-run may be  
24 lower. These rates can be so low that revenue fails to recoup the capital invested by the end of  
25 asset's end life placing a burden on future ratepayers for assets that never served their interest.  
26 The situation can be reversed by placing more of the burden inappropriately on current  
27 ratepayers, while future costs are minimal or non-existent.

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<sup>7</sup> The future net salvage parameter is expressed as a percentage of the original historical cost because the ultimate depreciation rate is applied to the historical cost of surviving plant. All values (plant cost, cost of removal, gross salvage, and reserve) used in the depreciation rate computations are nominal dollars.

1 The objective of computing depreciation then is to allocate the cost or depreciation base  
2 over the property's service life by charging the appropriate portion of the consumption of plant  
3 taking place during each accounting period. The depreciation methods incorporated by SCG  
4 achieve this objective. As these methods are applied, two estimates are required, one of average  
5 service life (or "ASL") and the other of future net salvage (or "FNS").

6 The SCG depreciation rates are calculated in accordance with Standard Practice U-4 and  
7 using the straight-line method, broad group procedure, and remaining life technique. The  
8 straight-line method prorates the recovery of service value in equal annual amounts. The broad  
9 group procedure (the most widely used in the utility industry) groups assets in categories  
10 (typically plant accounts and/or subaccounts) and depreciates all assets as if they all had identical  
11 mortality characteristics, while using a single depreciation rate for the entire category. The broad  
12 group procedure also assumes that under-accruals resulting from early retirements are offset by  
13 over-accruals on assets that outlive the average service life. The remaining life technique  
14 accrues unrecovered service value over the average remaining life of the group. The remaining  
15 life annual accruals are calculated for each plant account as follows:

$$16 \quad \text{(plant balance - future net salvage - reserve) / (average remaining life)}$$

17 Plant balance is the original installed cost of the assets less any contributions in aid of  
18 construction. The future net salvage is the projected gross salvage for recovered materials less  
19 costs associated with retiring the assets. The future net salvage is calculated by applying the net  
20 salvage rate to the surviving plant balance (that plant yet to be retired). The reserve is the  
21 accumulation, since the inception of the plant account, of the following booked entries:  
22 depreciation accruals, plus salvage, less cost of removal, less the retirements, plus or minus any  
23 transfers in or out as provided by the FERC USoA.

24 The annual depreciation rates were calculated based on recorded information as of  
25 December 31, 2009, for each FERC plant account by dividing the depreciation accrual by the  
26 plant balance. These remaining life rates are self-correcting for prior over- and under-accruals as  
27 the depreciation parameters are updated in accordance with each GRC study.

28 The newly developed rates were then applied on a composite functional group basis to  
29 the TY 2012 depreciable plant balances to obtain the proposed depreciation expense. The  
30

1 CPUC-jurisdictional composite depreciation and amortization rate, on a total plant-in-service  
2 basis,<sup>8</sup> resulting from the new study is 3.40% for the 2012 TY, compared to a rate of 3.55% for  
3 the 2009 Recorded Year.

#### 4 **VII. ACCOUNT BY ACCOUNT DETAIL FOR PROPOSED ASL AND FNS%**

5 The following account by account detail summarizes the proposed lives and future net  
6 salvage for each FERC account. The method utilized in determining each FERC account's  
7 updated and proposed life is also specified.

8 Within the summary for each account, it will be noted whether the SPR or the Forecast  
9 method was used in the analysis. For those specific FERC accounts where the SPR balances  
10 method of semi-actuarial life analysis was used for this plant account, historical plant additions  
11 and historical retirements of undetermined age were captured for the analysis. Work papers  
12 detail the authorized and proposed service life, remaining life, and the calculation of the  
13 depreciation rate. Available also in the work papers is a computerized ranking of the standard  
14 Iowa curves based upon the lowest sum of squared differences between simulated balances and  
15 actual balances within the experience band.

16 The Forecast method is outlined in the Standard Practice U-4, page 28. The composite  
17 remaining life for the account is obtained by direct weighting with the dollars for each unit.

18 An updated 15-year historical FNS analysis was completed for these FERC accounts.  
19 This analysis was conducted in accordance with the Standard Practice U-4 methodology. My  
20 professional judgment, as well as the review of previous 2004 Cost of Service ("COS")  
21 proceeding and GRC FNS analyses with their subsequent authorized rates, was incorporated in  
22 arriving at the FNS rates being proposed in this case. Net salvage studies for subsequent GRCs  
23 will be conducted in like manner, which may result in future adjustments (either upwards or  
24 downwards) to the FNS rates adopted in this GRC.

#### 25 Account 350 – Storage Rights – Recoverable Oil – Rights-of-Way

26 This account includes the cost of all interests in land on which are located underground  
27 storage lines, telephone poles, their associated lines, and like property used in connection with  
28 underground gas storage operations. Recoverable oil and the right of way sub-accounts are  
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<sup>8</sup> Total jurisdictional depreciation and amortization expense divided by total weighted-average plant in rate base.

1 included. The 2008 GRC authorized life/curve was 40 SQ and the 2012 study proposes the  
2 life/curve remain at 40 SQ. No change in Iowa curve type or average service life is proposed.  
3 No net salvage is currently associated with this account and its sub-accounts.

4 Account G351 – Structures and Improvements

5 This account includes the cost in place of structures and improvements used wholly or  
6 predominantly in connection with underground storage of natural gas.

7 The SPR analysis was used for this FERC account. The 2008 GRC authorized life/curve  
8 was 37 L0 and the 2012 study proposes life/curve at 41 L0. No change in Iowa curve type is  
9 proposed, but the average service life is extended four (4) years.

10 When major upgrades are being made, the removal costs associated with those changes  
11 are reflecting increases in negative net salvage percentages. The current 15 year historical  
12 analysis is suggesting an increase from the authorized -30% towards -55%. SCG is proposing  
13 that negative net salvage be increased to -45% for this account.

14 Account G352 – Wells

15 This account includes the drilling cost of wells used for injection and withdrawal of gas  
16 from underground storage projects, including wells kept open and used for observation. Specific  
17 items include bailing equipment, boilers and drives permanently connected, casings, derricks,  
18 fittings, including shut-in valves, casing heads, and tubing.

19 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
20 was 26 L0 and the 2012 study proposes life/curve at 29 L0. No change in Iowa curve type is  
21 proposed, but the average service life is extended three (3) years.

22 The current 15 year historical net salvage analysis is suggesting a decrease from the  
23 authorized -60% to -45%. SCG is proposing that the negative net salvage be reduced to -45% for  
24 this account.

25 Account G353 – Lines

26 This account includes installed gas pipe lines used wholly or predominantly for  
27 conveying gas from point of connection with transmission or field lines to underground storage  
28 wells and from underground storage wells to the point where the gas enters the transmission or  
29

1 distribution system. Items can include cathodic protection equipment, field lines, including pipe,  
2 valves, fittings, and supports, line drips and separators, and line pack gas.

3 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
4 was 40 R0.5 and the 2012 study proposes life/curve at 45 R0.5. No change in Iowa curve type is  
5 proposed, but the average service life is extended five (5) years, continuing a trend.

6 The current 15 year historical net salvage analysis is suggesting a decrease from the  
7 authorized -55% to -40%. SCG proposes that negative net salvage be reduced to this -40% for  
8 this account.

#### 9 Account G354 – Compressor Station Equipment

10 This account includes installed compressor station equipment used wholly or  
11 predominantly for the purpose of raising the pressure of gas for delivery to underground storage  
12 or to raise the pressure of gas withdrawn from underground storage for delivery to the  
13 transmission or distribution system. Items can include boiler plant, compressed air system  
14 equipment, compressor equipment and driving units including auxiliaries, foundations, guard  
15 rails and enclosures, electric system equipment including generating equipment and driving  
16 units, power wiring, transformers, regulators, battery equipment, switchboard, gas lines and  
17 equipment including fuel supply lines, cooling tower and pond and associated equipment,  
18 dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers,  
19 separators, tanks, gauges and instruments.

20 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
21 was 40 L1.5 and the 2012 study proposes life/curve at 45 R0.5. A change in the Iowa curve type  
22 is proposed, and the average service life is extended five (5) years, continuing a trend.

23 The current 15 year historical net salvage analysis is suggesting an increase from the  
24 authorized -5% to -10%. SCG is proposing that negative net salvage remain at -5% for this  
25 account.

#### 26 Account G355 - Measuring and Regulating Equipment

27 This account includes installed equipment used wholly or predominantly for the purpose  
28 of measuring and regulating deliveries of gas to underground storage and withdrawals of gas  
29 from underground storage. Items can include automatic control equipment, boilers, heaters,  
30 foundations, gas cleaners, scrubbers, separators, dehydrators, gauges and instruments, including

1 piping, fittings, wiring, and panel boards, meters, orifice or positive, including piping and  
2 connections, odorizing equipment and structures of a minor nature or portable type.

3 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
4 was 30 R0.5 and the 2012 study proposes life/curve at 25 R0.5. No change in Iowa curve type is  
5 proposed, but the average service life is reduced five (5) years.

6 The study in the 2004 COS filing indicated a net salvage rate of -30%. The 2008 GRC  
7 net salvage study resulted in an authorized -15%. In the current 15 year study, results continue  
8 to reflect less negative net salvage. SCG is proposing a change from the currently authorized  
9 negative net salvage rate of -15% to 0%.

#### 10 Account G356 - Purification Equipment

11 This account includes installed apparatus used wholly or predominantly for the removal  
12 of impurities from and the conditioning of, gas delivered to or removed from underground  
13 storage fields. Items include condensers and washer coolers, dehydrators, foundations and  
14 settings, specially constructed for and not intended to outlast the equipment for which provided,  
15 other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs,  
16 piping, from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus,  
17 scrubbers, sulphur removal apparatus and water supply systems.

18 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
19 was 38 R2 and the 2012 study proposes life/curve at 37 R2. No change in Iowa curve type is  
20 proposed, but the average service life is reduced one (1) year.

21 The study in the 2004 COS filing indicated a net salvage rate of -55%. The 2008 GRC  
22 net salvage study indicated -25%. Using the current 15 year historical net salvage study, SCG is  
23 proposing a change from the currently authorized negative net salvage rate of -25% to -20%.

#### 24 Account G357 - Other Equipment

25 This account includes installed equipment used wholly or predominantly in connection  
26 with underground storage of gas, when not assignable to any of the foregoing accounts. Items  
27 include calorimeter, cranes, odorizing units, oil foggers and other equipment.

28 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
29 was 26 R0.5 and the 2012 study proposes life/curve at 31 R0.5. No change in Iowa curve type is  
30 proposed, but the average service life is extended five (5) years.

1 This FERC account is experiencing an increase in negative net salvage. The 2004 COS  
2 net salvage study resulted in a negative net salvage rate of -25%. The 2008 GRC net salvage  
3 study indicated -60%, while -50% is currently authorized. In the current 15 year study for the  
4 TY 2012 GRC, negative net salvage is moving upwards towards -200%. SCG is proposing a  
5 change from the current authorized net salvage rate of -50% to -75%

6 Account G365.29 - Rights-Of-Way

7 This account includes the cost of rights-of-way used in connection with transmission  
8 operations. The 2008 GRC authorized life/curve was 40 SQ and the 2012 study proposes the  
9 life/curve remain at 40 SQ. No change in Iowa curve type or ASL is proposed. No net salvage  
10 is currently associated with this account.

11 Account G366 - Structures and Improvements.

12 This account includes structures and improvements used in connection with transmission  
13 operations.

14 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
15 was 47 R0.5 and the 2012 study proposes life/curve at 51 R0.5. No change in Iowa curve type is  
16 proposed, but the average service life is extended four (4) years, continuing a trend.

17 The current 15 year historical net salvage analysis study re-confirms the current  
18 authorized rate of -20% and SCG proposes no change to this rate.

19 Account G367 – Transmission Mains

20 This account includes the cost installed of transmission system mains. Assets include  
21 large high pressured gas mains of different sizes and types, cathodic protection equipment, drip  
22 lines and pots, pipe coating, pipe and fittings, pipe supports, anchors and valves.

23 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
24 was 55 R5 and the 2012 study proposes life/curve at 57 R5. No change in Iowa curve type is  
25 proposed, but the average service life is extended two (2) years, continuing a trend.

26 The negative net salvage pattern in this account is staying consistently above the  
27 previously authorized negative net salvage percentage, confirmed by the 15 years of historical  
28 data. The study in the 2004 COS filing resulted in an authorized -20%. Using the 2008 study  
29 resulted in a higher rate, but the FNS rate remained at -20%. The current 15 year historical net

1 salvage analysis indicates negative net salvage at -45%. SCG proposes that the rate be moved up  
2 to -30%.

### 3 Account G368 – Compressor Station Equipment

4 This account includes the cost installed of compressor station equipment and associated  
5 appliances used in connection with transmission system operations. Items can include boiler  
6 plant, coal handling and ash handling equipment for steam powered compressor stations,  
7 compressed air system equipment including auxiliaries, foundations, guard rails and enclosures.  
8 Other items are electric system equipment, including generating equipment and driving units,  
9 power wiring, transformers, regulators, and battery equipment.

10 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
11 was 41 L1 and the 2012 study proposes life/curve at 43 L1. No change in Iowa curve type is  
12 proposed, but the average service life is extended two (2) years, continuing a trend.

13 The 2004 COS resulted in an authorized negative net salvage rate of -35%. The 2008  
14 GRC resulted in an authorized -15%. The current net salvage study reflects negative net salvage  
15 at -10%. SCG is proposing a change from the currently authorized net salvage rate of -15% to  
16 -10%.

### 17 Account G369 – Measuring and Regulating Station Equipment

18 This account includes the cost installed of meters, gauges, and other equipment used in  
19 measuring or regulating gas in connection with transmission system operations. Items can  
20 include automatic control equipment, boilers, odorizing equipment, heaters, gas cleaners,  
21 scrubbers, separators, dehydrators, gauges and instruments, including piping, fittings, wiring, and  
22 panel boards.

23 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
24 was 39 R0.5 and the 2012 study proposes life/curve at 40 R0.5. No change in Iowa curve type is  
25 proposed, but the average service life is extended one (1) year, continuing a trend.

26 The net salvage activity has remained fairly constant and consistent over the years as  
27 reflected in the 15 years of historical data. In the current 15 year 2012 net salvage study, there is  
28 slight movement towards -15%. SCG is proposing that the negative net salvage rate be reduced  
29 from -20% to -15%.



1           Account G371 - Other Equipment.

2           This account includes installed equipment used in transmission system operations, when  
3 not assignable to any of the foregoing accounts.

4           The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
5 was 20 L2 and the 2012 study proposes no change in life/curve at 20 L2.

6           In the current 15 year study for 2012, there is slight movement in negative net salvage  
7 towards -10%. SCG is proposing that the negative net salvage rate remain authorized at -5%.

8           Account G375 – Structures and Improvements

9           This account shall include the cost in place of structures and improvements used in  
10 connection with gas distribution operations.

11           The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
12 was 29 LO and the 2012 study proposes life/curve at 31 LO. No change in Iowa curve type is  
13 proposed, but the average service life is extended two (2) years, continuing a trend.

14           Recent positive salvage activity is very minimal for this account as reflected in the 15  
15 years of historical data. SCG is requesting that net salvage be reduced from +5% to 0% for this  
16 account.

17           Account G376 – Gas Mains

18           Typical construction costs involve pipe, fittings, and wrap. The account also includes drip  
19 lines and pots, electrolysis tests, other materials used in connection with new construction, pipe  
20 coating, as well as, rectifier and anode bed installations are included.

21           The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
22 was 53 R4 and the 2012 study proposes life/curve at 55 R4. No change in Iowa curve type is  
23 proposed, but the average service life is extended two (2) years, continuing a trend.

24           Removal costs may include excavation, re-compaction, vegetation removal and  
25 replacement, asbestos issues, salvage disposition of pipe, removal of pipe, slurry added to  
26 abandoned pipe, and replacement of native dirt to ensure proper compaction and support of  
27 permanent paving. Environmental issues would also be addressed by safely containing and  
28 removing brine and liquid sediment from operations, dirt sent to appropriate landfill, and proper  
29 disposal of the non-reusable pipe and fittings. The last four (4) additional historical years added  
30 to the net salvage study database does reflect a pattern at or slightly above -55% for negative net

1 salvage. SCG proposes to lower the current authorized level from -60% to -55% for negative net  
2 salvage.

3 Account G378 – Measuring and Regulating Station Equipment

4 This account includes the cost installed of meters, gauges and other equipment used in  
5 measuring and regulating gas in connection with distribution system operations other than the  
6 measurement of gas deliveries to customers. Items can include automatic control equipment,  
7 gauges and instruments, governors or regulators, meters, odorizing equipment, piping and  
8 pressure relief equipment.

9 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
10 was 31 S4 and the 2012 study proposes no change to the life/curve at 31 S4.

11 The current 15 year historical net salvage analysis is suggesting a decrease from the  
12 authorized -100% to just below -90%. SCG is proposing that negative net salvage be reduced to  
13 -85% for this account.

14 Account G380 – Gas Services

15 This account includes the cost installed of service pipes and accessories leading to the  
16 customers' premises. A complete service begins with the connection on the main and extends to  
17 but does not include the connection with the customer's meter. A stub service extends from the  
18 main to the property line, or the curb stop. Items can include curb valves and curb boxes, pipe  
19 and fittings, including saddle, tees, or other fittings utilized for main connections, pipe coating,  
20 service drips, and service valves.

21 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
22 was 48 L2 and the 2012 study proposes life/curve at 51 L2. No change in Iowa curve type is  
23 proposed, but the average service life is extended three (3) years, continuing a trend.

24 The study in the 2004 COS filing substantiated and resulted in an authorized negative net  
25 salvage of -90%. The 2008 GRC resulted in an authorized -85%. In the current GRC net  
26 salvage study, the pattern for the past eight of the nine years reflects negative net salvage at or  
27 above -100%. SCG is proposing an increase in negative net salvage to -95%.

1           Account G381 – Meters and Regulators

2           This account includes the cost installed of meters or devices and appurtenances thereto,  
3 for use in measuring gas delivered to users, whether actually in service or held in reserve. Items  
4 can include meters, including badging by unit and type, and initial testing.

5           The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
6 was 31 S6 and the 2012 study proposes life/curve at 32 S1. A change in Iowa curve type is  
7 proposed, and the average service life is extended one (1) year.

8           Salvage activity has remained fairly constant and consistent for this account as reflected  
9 in the 15 years of historical data. SCG requests that overall net salvage remain at 0% for this  
10 account.

11           Account G382 – Meter Installations and Other Installations

12           This account includes the cost of labor and materials used, and expenses incurred in  
13 connection with the original installation of customer meters. Items can include cocks, locks,  
14 meter bars, pipe and fittings, seals, swivels and bushings.

15           The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
16 was 43 S6 and the 2012 study proposes life/curve at 41 S1. A change in Iowa curve type is  
17 proposed, and the average service life is reduced by two (2) years, continuing a trend.

18           The negative net salvage in this account is lower as confirmed by the 15 years of  
19 historical data. The study in the 2004 COS resulted in -70%. The 2008 GRC resulted in a lower  
20 authorized -20%. The current 15 year historical net salvage analysis reflects negative net salvage  
21 for this account now at -15%. SCG proposes a negative net salvage rate of -10%.

22           Account G382.6 – Meter Installations (Other)

23           This account includes the cost of labor and materials used, and expenses incurred in  
24 connection with the original installation of medium and large commercial customer meters.  
25 Items can include cocks, locks, meter bars, pipe and fittings, seals, swivels and bushings.

26           The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
27 was 15 S6 and the 2012 study proposes life/curve at 15 S6. No change in Iowa curve type is  
28 proposed, and no change in the average service life is proposed.

1 The negative net salvage in this account is lower as confirmed by the current 15 years of  
2 historical data. The 2008 GRC resulted in an authorized -20%. The current 15 year historical  
3 analysis reflects negative net salvage for this account now at -15%. SCG proposes negative net  
4 salvage rate of -10%.

#### 5 Account G383 - House Regulators

6 This account includes the installed cost of house regulators. Items typically include  
7 house regulators, pipe, and fittings.

8 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
9 was 31 R0.5 and the 2012 study proposes life/curve at 32 R0.5. No change in Iowa curve type is  
10 proposed, but the average service life is extended one (1) year, continuing a trend.

11 The current 15 year historical study continues to show net salvage at 0%. SCG proposes  
12 this 0% net salvage rate for 2012.

#### 13 Account G387 – Other Equipment

14 This account includes the cost installed of all other distribution system equipment not  
15 provided for in the foregoing accounts, including street lighting equipment. Items can include  
16 carbon monoxide testers and indicators, explosimeters, fire extinguishers, portable pumps,  
17 recording gauges and test meters. It can also include installed CNG distribution system  
18 equipment.

19 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
20 was 11 L1 and the 2012 study proposes life/curve at 12 L1. No change in Iowa curve type is  
21 proposed, but the average service life is extended one (1) year.

22 Salvage activity is currently reflecting +15% positive net salvage based on the current 15  
23 years of historical data. SCG is requesting that positive net salvage be increased from +5% to  
24 +15% for this FERC account.

#### 25 Account G390 – Structures and Improvements

26 This account includes structures and improvements used for utility purposes, not properly  
27 includible in other structures and improvements accounts.

28 The Forecast method of analysis was used for this plant account. The 2004 COS Study  
29 authorized life was 22 years, and the 2008 GRC resulted in a life/curve at the current authorized  
30 20 SQ. For 2012, both the life and curve are proposed to remain unchanged at 20 SQ.

1 The current historical 15 year salvage study is showing the negative net salvage at -25%.  
2 SCG is requesting a change increasing the negative net salvage rate from the current authorized  
3 -20% to -25%.

4 Account G391 – Computer and Software Programs

5 FERC account 391 houses software programs of various forecasted lives. These can  
6 include off the wall and in-house developed software purchased and used to provide scheduling,  
7 system control, and dispatching, system planning, standards development, market monitoring,  
8 and market administration activities.

9 The SPR analysis was used for these seven (7) sub-accounts. The 2008 GRC authorized  
10 lives/curves for all seven (7) accounts are proposed to remain unchanged for 2012.

11 These accounts continue to show 0% net salvage supported by the current 15 year  
12 statistical historical net salvage study. SCG proposes that the net salvage for these accounts  
13 remain at 0%.

14 Account G39220 & G392.29 – Transportation Equipment - Trailers

15 These accounts include the cost of transportation vehicles used for utility purposes. Items  
16 can include tractors and trailers, and other transportation vehicles.

17 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
18 for both accounts was 7 SQ and the 2012 study proposes no change in the life/curve at 7 SQ.

19 Salvage activity is very minimal for this account as reflected in the current 15 years of  
20 historical data. SCG is requesting that positive net salvage be reduced from +25% to +5% for  
21 this account.

22 Account G393 Stores Equipment

23 This account includes the cost of equipment used for the receiving, shipping, handling,  
24 and storage of materials and supplies.

25 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve was 20  
26 SQ and the 2012 study proposal remains unchanged at 20 SQ.

1 This account continues to show 0% net salvage supported by the current 15 years of  
2 historical data. SCG proposes that net salvage for this account remain at 0%.

3 Account 394.13 / 394.20 Shop and Garage Equipment

4 These two (2) FERC accounts include the cost of tools, implements, and equipment used  
5 in construction, repair work, general shops and garages not specifically provided for in other  
6 accounts.

7 The SPR analysis was used for these two (2) FERC accounts. The 2008 GRC  
8 authorized life/curve was 29 SQ and the 2012 study reflects no change for both FERC accounts  
9 remaining at 29 SQ.

10 These accounts continue to show 0% net salvage supported by the 15 years of current  
11 historical data. SCG proposes that net salvage for these accounts remain at 0%.

12 Account 394.19 Large Portable Tools

13 Large portable tools are included in this account, such as, battery chargers, concrete  
14 mixers, portable generators, motor driven tools, and welding apparatus.

15 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
16 was 24 SQ and the 2012 study proposal remains unchanged at 24 SQ.

17 This account continues to show 0% net salvage supported by the current 15 years of  
18 historical data. SCG requests that net salvage for this account remain at 0%.

19 Account 395 Laboratory Equipment

20 This account includes the cost of laboratory equipment used for general laboratory  
21 purposes and not specifically provided for in other accounts. Items can include ammeters,  
22 galvanometers, voltmeters, potentiometers, switchboards, testing panels, and other testing  
23 equipment.

24 The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
25 was 25 SQ and the 2012 study proposal remains unchanged at 25 SQ.

26 This account continues to show 0% net salvage supported by the current 15 years of  
27 historical data. SCG requests that net salvage for this account remain at 0%.

1           Account G396 – Construction Equipment and Power Operated Equipment

2           This account includes the cost of power operated equipment used in construction or  
3 repair work exclusive of equipment includible in other accounts, and the tools and accessories  
4 acquired for use with such equipment and the vehicle on which such equipment is mounted.  
5 Items can include air compressors, back filling machines, boring machines, bulldozers, cranes  
6 and hoists, pipe coating or wrapping machines and other necessary power operated equipment.

7           The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
8 was 12 SQ and the 2012 TY study proposal remains unchanged at 12 SQ.

9           Salvage activity is minimal for this account as reflected in the current 15 years of  
10 historical data. SCG is requesting that positive net salvage be reduced from +30% to +25% for  
11 this account.

12           Account G397 – Communication Equipment

13           This account includes the cost installed of telephone, telegraph, and wireless equipment  
14 for general use in connection with poles and fixtures used wholly for telephone or telegraph wire.  
15 Items can include radio transmitting and receiving sets, remote control equipment and lines,  
16 storage batteries, telephone and telegraph circuits, testing instruments, underground conduit used  
17 wholly for telephone or telegraph wires and cable wires.

18           The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
19 was 15 SQ and the 2012 study proposal remains unchanged at 15 SQ.

20           Salvage activity is minimal for this account as reflected in the 15 years of historical data.  
21 SCG requests that net salvage remain at 0% for this account.

22           Account G397.1 – General Equipment

23           Items in this account can include carrier terminal equipment including repeaters, power  
24 supply equipment, transmitting and receiving sets.

25           The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
26 was 5 SQ and the 2012 study proposal remains unchanged at 5 SQ.

27           Salvage activity is minimal for this account as reflected in the current 15 years of  
28 historical data. SCG requests that net salvage remain at 0% for this account.

1           Account G397.2 – PBX and Voice Equipment

2           Items can include radio transmitting and receiving sets, remote control equipment and  
3 lines, storage batteries, telephone and telegraph circuits.

4           The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
5 was 7 SQ and the 2012 study proposal remains unchanged at 7 SQ.

6           Salvage activity is minimal for this account as reflected in the recent 15 years of  
7 historical data. Technological improvements over the years have resulted in the removed and  
8 retired equipment being scrapped with little value. SCG requests that positive net salvage be  
9 reduced from +15 to +5% for this account.

10          Account G397.3 – Microwave and Radio

11          Items in this account include microwave equipment, including power supply equipment,  
12 transmitters, amplifiers, paraboloids, towers, reflectors, and receiving equipment.

13          The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
14 was 10 SQ and the 2012 study proposal remains unchanged at 10 SQ.

15          Salvage activity is minimal for this account as reflected in the current 15 years of  
16 historical data. SCG requests that net salvage remain at 0% for this account.

17          Account G397.4 – Communication Structures

18          This account includes communication structures used for general use in connection with  
19 poles and fixtures and housing remote control equipment and telephone equipment.

20          The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
21 was 15 SQ and the 2012 study proposal remains unchanged at 15 SQ.

22          Salvage activity is minimal for this account as reflected in the current 15 years of  
23 historical data. SCG is requesting that negative net salvage remain at -5% for this account.

24          Account G398 – Miscellaneous Equipment

25          This account includes the cost of equipment, apparatus, used and useful in gas operations,  
26 which is not includible in any other account.

27          The SPR analysis was used for this plant account. The 2008 GRC authorized life/curve  
28 was 20 SQ and the 2012 study proposal remains unchanged at 20 SQ.



1 Salvage activity is minimal for this account as reflected in the current 15 years of  
2 historical data. SCG requests that net salvage remain at 0% for this account.

### 3 **VIII. COMPLIANCE ITEMS**

4 In its 2008 GRC Settlement Agreement, SCG agreed to provide the following  
5 information in its next GRC filing:

- 6 1) The then-current balance of pre-funded removal costs;
- 7 2) A year-by-year projection of: (a) when the then-existing balance of pre-funded  
8 removal costs will be consumed, and (b) the implicit inflation rate for future asset  
9 removal costs;
- 10 3) A five-year projection of the year-end balance of pre-funded removal costs, showing  
11 for each year the gross additions to the balance, gross expenditures for removal costs,  
12 and the net change in the balance of pre-funded removal costs;
- 13 4) A study for presentation in the next general rate cases that will separate the accrual  
14 for cost of removal from accruals for depreciation expense; and to
- 15 5) Establish a regulatory liability for ratemaking purposes.<sup>9</sup>

16 SCG has complied with these requirements. A separate depreciation study contains the  
17 information required in items (1) – (5). These documents are provided in my workpapers  
18 (Exhibit SCG-27-WP).

### 19 **IX. SUMMARY OF ESTIMATED EXPENSES AND RESERVES**

20 The total of the estimated 2012 TY Gas Plant depreciation expense is \$370 million as  
21 shown on Table SCG-BW-1. The total depreciation expense has increased from Recorded Year  
22 2009 to TY 2012 by \$79 million. As discussed earlier, this results from the combined impact of  
23 the net additions to plant and of the lower proposed depreciation rates.

24 The total estimated December 31, 2012, Gas Plant depreciation reserve is \$5,760 million.  
25 This reserve is shown on Table SCG-BW-2.

26 Account-level detail for the proposed underlying depreciation rates are included in the  
27 workpapers<sup>10</sup> submitted with this filing. These proposed rates have been developed in  
28

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<sup>9</sup> See D.08-07-046 (mimeo) p. 27 and Ordering Paragraph 26.

<sup>10</sup> See calculation of depreciation rates by account in workpapers SCG-27-WP

1 accordance with Standard Practice U-4, are reasonable, and should be adopted. The resulting  
2 depreciation expense and reserves shown on Tables SCG-BW-1 and SCG-BW-2 should be  
3 approved by the CPUC for use in TY 2012 for determination of revenue requirements.

4 //

5 //

1 X. TABLES

**Table SCG-BW-1**  
**SOUTHERN CALIFORNIA GAS COMPANY**  
**TEST YEAR 2012**  
**DEPRECIATION EXPENSE**  
(Thousands of Dollars)

Line No.		Recorded (2009\$)	Test Year (2012\$)
1	Underground Storage	17,436	16,505
2	Transmission	24,505	32,015
3	Distribution	181,504	189,548
4	General Plant	<u>67,368</u>	<u>131,593</u>
5	Total Depreciation Expense	<u><u>290,812</u></u>	<u><u>369,660</u></u>

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**Table SCG-BW-2**  
**SOUTHERN CALIFORNIA GAS COMPANY**  
**TEST YEAR 2012**  
**END-OF-YEAR DEPRECIATION RESERVES**  
(Thousands of Dollars)

Line No.		Recorded (2009\$)	Test Year (2012\$)
1	Underground Storage	392,117	421,818
2	Transmission	657,494	709,056
3	Distribution	3,699,715	4,101,643
4	General Plant	<u>381,840</u>	<u>527,294</u>
5	Total Depreciation Reserves	<u><u>5,131,166</u></u>	<u><u>5,759,811</u></u>

This concludes my prepared direct testimony.

1 **XI. WITNESS QUALIFICATIONS**

2 My name is Bob Wiczorek. My business address is 8330 Century Park Court, San  
3 Diego, California 92123. I am employed by San Diego Gas & Electric Company (“SDG&E”) as  
4 a Principal Accountant in the Accounting Operations Department. I have held this position since  
5 2007. My principal duties include the preparation of depreciation estimates and special  
6 depreciation-related studies, and the monitoring of depreciation and valuation practices used by  
7 Southern California Gas Company (“SCG”) and SDG&E.

8 I received an AA degree in Mathematics from Glendale College in 1970, a Bachelor of  
9 Science degree in Accounting from Northridge in 1979, and an MBA from National University  
10 in 2002. I am a member of the Society of Depreciation Professionals.

11 Prior to assuming my current position, my work experience at SoCalGas, Sempra, and  
12 SDG&E has involved physical gas field work, field accounting, depreciation accounting, various  
13 staff positions at Gas Transmission and Distribution, Organization and Compensation,  
14 Regulatory, and Human Resources.

15 I have not previously testified before the California Public Utilities Commission.

## CHANGE LOG

<b>Page</b>	<b>Line</b>	<b>Errata Item</b>
BW-7	8	Delete "Division of Ratepayer Advocates" as previously defined.
BW-25		Correction to pagination, BW-25 onward.
BW-25	3	Table SCG-BW-1, change from 189,557 to 189,548.
BW-25	4	Table SCG-BW-1, change from 131,594 to 131,593.
BW-25	5	Table SCG-BW-1, change from 369,672 to 369,660.
BW-26	1	Table SCG-BW-2, change from 421,817 to 421,818.
BW-26	2	Table SCG-BW-2, change from 709,055 to 709,056.
BW-26	3	Table SCG-BW-2, change from 4,101,633 to 4,101,643.
BW-26	4	Table SCG-BW-2, change from 527,270 to 527,294.
BW-26	5	Table SCG-BW-2, change from 5,759,775 to 5,759,811.