

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

Application 10-12-____
Exhibit No.: (SCG-16)

**PREPARED DIRECT TESTIMONY OF
SCOTT DRURY
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

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

DECEMBER 15, 2010



TABLE OF CONTENTS

I. INTRODUCTION..... 1

A. Purpose of Testimony 1

B. Overview of Operations..... 1

C. Summary of Request..... 2

II. NONSHARED SERVICES 2

A. Introduction..... 2

B. Discussion of O&M Activities 3

III. SHARED SERVICES 4

A. Introduction..... 4

B. Summary of Shared Services Activities 4

1. Safety Programs 4

2. Emergency Services 5

IV. CAPITAL..... 6

A. Introduction..... 6

B. Capital Request Detail..... 7

V. CONCLUSION 7

VI. WITNESS QUALIFICATIONS 8

1 **C. Summary of Request**

2 **Table SDD -1**

3 **Summary of TY2012 Change**

4 **(Thousands of \$2009)**

<i>Functional Area: EMERGENCY PREPAREDNESS & SAFETY</i>				
Description	2009 Adjusted-Recorded	TY2012 Estimated	Change	Testimony Reference
Total Non-Shared	777	1,375	598	Section II
Total Shared Services (Book Expense)	2,633	2,808	175	Section III
Total O&M	3,410	4,183	773	
Total Capital	223	850	627	Section IV

5
6 The following discussion provides a description of the forecasted cost changes for the 2009-
7 2012 time period for the Emergency Preparedness and Safety activities:

- 8 1. Transfers in and changes due to the reorganization of the Safety department employees
9 and 2009 salary annualization.
- 10 2. Increases in Occupational Health Nurse (OHN) services
- 11 3. Increases in body mechanics, ergonomics and safety leadership training for frontline
12 employees
- 13 4. Expansion of AED program (devices and maintenance) to cover facilities not currently
14 equipped with these devices.

15 **II. NONSHARED SERVICES**

16 **A. Introduction**

17 The SCG non-shared services category comprises non-shared safety programs. The majority
18 of activities in the safety programs category are concentrated on SCG field safety, as most programs,
19 compliance activities, and performance monitoring and reporting are captured within the shared
20 service category.
21

Table SDD - 2
O&M Non-Shared Services
(Thousands of 2009 dollars)

<i>EMERGENCY PREPAREDNESS & SAFETY</i>			
Categories of Management	2009 Adjusted-Recorded	TY2012 Estimated	Change
A. SCG Field Safety	777	1,375	598
Total	777	1,375	598

B. Discussion of O&M Activities

The Safety Programs function is primarily responsible for ensuring operational compliance with safety regulations, managing the programs, policies and guidelines to ensure the safety of SCG employees. Reducing injuries and providing a safe work environment for all employees is one of the most important goals of the company.

To reduce or eliminate incidents, Safety Services has developed training programs including (but not limited to) job observations, incident investigation and analysis, defensive driving, body mechanics, ergonomics, hearing conservation, respiratory protection, personal protective equipment and public safety programs.

The Safety Services function also provides important field operations support. This group interprets safety related rules and regulations and provides reviews of potential legislation that would impact field operations with the goal to maintain compliance with all Federal, State and local regulations.

This field activity also supports field safety compliance audits and acts as the company liaison to the CPUC and the Department of Transportation as well as Cal/OSHA.

Field Safety advisors serve a significant role to all areas of the company for:

- Incident investigation and prevention including self-audits;
- Motor vehicle incident corrective action;
- Support of field operations for safety training and compliance;
- Technical safety support for projects to help develop plans for design/permitting and cost impacts to engineers, contractors, and other technical specialists.

Requested increases in safety costs for the TY 2012 include: \$110,000 for ergonomist resources focused on prevention of repetitive motion and cumulative trauma injuries, \$125,000 to expand the AED program to locations not currently covered, and \$363,000 in Occupational Health Nursing Services intended to provide health and wellness expertise and first level of care to

employees. Requests for funding to support body mechanics training designed help reduce sprains and strains, which are the company's highest frequency injuries, and safety leadership training for frontline employees are reflected in SDG&E shared services testimony.

III. SHARED SERVICES

A. Introduction

With the exception of SCG Field Safety, all safety programs and services are shared between SDG&E and SCG. The shared service distribution for each area is the same, with company headcount as the driver for intercompany billing allocations. The Emergency Preparedness and Safety department consists of the following shared service activities:

1. Safety Compliance
2. Safety & Emergency Services Technology
3. Operations
4. Director

Table SDD – 3

O&M Shared Services

(Thousands of 2009 dollars)

EMERGENCY PREPAREDNESS & SAFETY			
Categories of Management	2009 Adjusted-Recorded	TY2012 Estimated	Change
A. Emergency Services	210	188	-22
B. Safety Programs	950	928	-22
C. USS Billed-in from SDG&E	1,473	1,692	219
Total Shared Services (Book Expense)	2,633	2,808	175

B. Summary of Shared Services Activities

1. Safety Programs

The Safety Programs function is primarily responsible for compliance with safety regulations, establishing and managing the programs, policies and guidelines to ensure the safety of SCG and SDG&E employees.

To reduce or eliminate incidents, Emergency Preparedness and Safety has developed training programs including (but not limited to) job observations, incident investigation and analysis, defensive

1 driving, body mechanics, ergonomics, hearing conservation, respiratory protection, personal protective
2 equipment and public safety programs. The category is covered by the following 4 departments:

- 3 ▪ **Safety Compliance** is responsible for serving SCG and SDG&E with respect to
4 monitoring changes in employee safety and health regulations, developing internal
5 safety policies and procedures to ensure compliance with the applicable regulations,
6 and managing company-wide implementation of key industrial hygiene programs, such
7 as Hazard Communications, Hearing Conservation, Respiratory Protection, Asbestos
8 and Lead Exposure Management.
- 9 ▪ **Strategy & Technology** is responsible for all aspects of safety and emergency services
10 systems and technology, including project development, implementation, and
11 maintenance. The department ensures a high state of technology readiness in the
12 Emergency Operation Centers (EOCs) and Gas Emergency Centers (GECs), providing
13 technical solutions and support to the Safety staff and Emergency Services Program
14 Managers.
- 15 ▪ **Safety Operations** provides major program support, communications, management and
16 statistical analysis. To reduce or eliminate incidents, the department conducts job
17 observations, incident investigation and analysis, promotes defensive driving, body
18 mechanics, ergonomics, hearing conservation, respiratory protection, and incorporates
19 personal protective equipment. The safety programs department interprets and advises
20 field operations regarding safety related rules and regulations and provides reviews of
21 potential legislation that would impact field operations. The department also supports
22 field safety compliance audits and acts as the company liaison to the CPUC,
23 Department of Transportation, and Cal/OSHA.
- 24 ▪ **Safety Director** The Safety and Emergency Services Director provides overall
25 leadership and direction for the Safety and Emergency Services functional activity.
26 The SCG cost center is only used for direct billing SCG invoices. Most costs are
27 booked through SDG&E and billed via that shared service process.

28 **2. Emergency Services**

29 The Emergency Services O&M costs for SDG&E and SCG shared services have been
30 separated into two distinct categories: 1) expenses associated with Emergency Services ongoing
31 operations, and 2) expenses associated with preparedness improvements.

Emergency Services resides under the Safety and Emergency Services organization and is responsible for maintaining comprehensive and coordinated emergency response and recovery programs. This organization is responsible for overseeing federal, state, local and company emergency preparedness and response standards and requirements. Emergency Services is organized into three functional areas:

- **EOC Operations** – Responsible for all aspects of the emergency operations centers, including development of policies and procedures, workforce identification and training, preparedness exercises, EOC activations, and lessons learned reports.
- **Regional Emergency Operations** - Responsible for all aspects of the Regional Gas Emergency Centers (GEC), including development of policies and procedures, workforce identification and training, preparedness exercises, GEC activations, and lessons learned reports.
- **Department & Employee Readiness** - Responsible for developing, implementing and managing a comprehensive Business Continuity & Resumption Planning Program, managing Emergency Action Plans and facilitating increased preparedness for employees of SDG&E and SCG.

IV. CAPITAL

A. Introduction

The request for Emergency Services capital is driven primarily by aging communications equipment and technology. More flexible and up-to-date equipment and systems will replace older and less efficient technology. The Emergency Operations Center and Gas Emergency Center facility upgrades provide for improved technology and infrastructure upgrades to aid and enhance the utilities’ response and recovery efforts.

Table SDD - 4
Capital Expenditures
(Thousands of 2009 dollars)

Category Description	2009 Recorded	2010 Estimated	2011 Estimated	2012 Estimated
1. EOC Equipment Blanket	223	650	850	850
Total Capital:	223	650	850	850

1 **VI. WITNESS QUALIFICATIONS**

2 My name is Scott Drury. My business address is 8335 Century Park Ct., San Diego,
3 California, 92123. My current position is Safety & Emergency Services Director under the
4 Environmental, Safety and Support Services organization. The Safety and Emergency Services
5 organizations provide services to both San Diego Gas & Electric and SCG. I joined San Diego Gas &
6 Electric in 1986 and have held various positions in procurement, logistics, construction services and
7 diverse business enterprises. I currently serve as the chairman of the board of directors for the
8 California Utility Emergency Association.

9 I have a bachelor's degree in Public Administration from San Diego State University and a
10 Master's of Business Administration from San Diego State University.

11 I have not previously testified before the Commission.