

IN THE MATTER OF
CALIFORNIA PUBLIC UTILITIES COMMISSION
RULEMAKING 11-02-019

PREPARED DIRECT TESTIMONY
OF
EDWARD GIESEKING

ON BEHALF OF
SOUTHWEST GAS CORPORATION

AUGUST 26, 2011

BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION

Prepared Direct Testimony
of
EDWARD GIESEKING

Q. 1 Please state your name and business address.

A. 1 My name is Edward Giesecking. My business address is 5241 Spring Mountain Road, Las Vegas, Nevada 89150-0002.

Q. 2 By whom are you employed and in what capacity?

A. 2 I am employed by Southwest Gas Corporation (Company) as Director/Pricing and Tariffs.

Q. 3 Please summarize your education and relevant professional qualifications?

A. 3 My education and relevant qualifications are summarized in Appendix A to my direct testimony.

Q. 4 Have you previously participated in any regulatory proceeding?

A. 4 Yes, I have testified before the following regulatory entities: California Public Utilities Commission (Commission); Public Utilities Commission of Nevada; Arizona Corporation Commission; and the Federal Energy Regulatory Commission.

Q. 5 What is the purpose of your prepared direct testimony?

A. 5 My testimony describes the Company's rate proposal for the recovery of costs associated with the Company's Natural Gas Transmission Pipeline Comprehensive Pressure Testing Implementation Plan (Implementation Plan) presented in the testimony of Company witness Lynn A. Malloy.

Q. 6 What is the Company's cost recovery and rate proposal?

1 A. 6 The Company anticipates completion of the activities in its proposed
2 Implementation Plan prior to its next general rate case filing, expected to be
3 filed late 2012 with a 2014 test year. Therefore, rather than establishing an
4 interim surcharge to recover the costs associated with the Implementation
5 Plan, the Company proposes to establish a deferred regulatory asset account
6 to defer the depreciation expense, carrying charges and property taxes
7 associated with the Implementation Plan until new rates are established in
8 the Company's next rate case. Depreciation expense will be calculated using
9 the currently authorized depreciation rates, carrying charges will be based on
10 the currently authorized cost of capital and property taxes will be calculated
11 using the Company's current property tax rate. The deferred asset account
12 will be amortized over the rate case cycle, typically three to five years, and
13 the depreciated capital costs associated with the Implementation Plan will be
14 incorporated into the development of the test year rate base. Additionally,
15 ongoing expenses related to the Implementation Plan will be included in the
16 development of the test year revenue requirement in the Company's next
17 general rate case.

18 Q. 7 How will customers be affected if the Commission approves the Company's
19 Implementation Plan?

20 A. 7 As discussed in the testimony of Company witness, Lynn A. Malloy,
21 Southwest Gas only has transmission facilities in its southern California
22 jurisdiction. Therefore, the discussion of cost recovery and rate impact
23 applies only to the southern California rate jurisdiction. Since there are no
24 transmission facilities in the Company's northern California jurisdiction, there
25 are no associated customer rate impacts.

26 Since the Company is proposing that the recovery of the Implementation Plan
27 costs be deferred to a general rate case, there will be no impact to rates of

southern California customers until the Commission issues an order and rates are adjusted in the Company's next general rate case. The \$7,400,000 estimated capital cost associated with the Implementation Plan will contribute approximately \$1,500,000 to the Company's southern California cost of service. Although the rate impact to each customer class will ultimately be a function of the approved class-cost-of-service study and the resultant revenue requirement spread, on average the effect on customer rates is estimated to be \$0.016 per therm. Illustrative monthly bill impacts for each customer class, excluding the amortization of the regulatory asset account, are shown in the following table.

Customer Class	Rate Schedule	Bill Impact
Residential, Primary	GS-10	\$0.72
Residential, Secondary	GS-15	\$0.56
Core General	GS-35/40	\$4.18
Motor Vehicle	GS-50	\$136.21
Internal Combustion Engine	GS-60	\$26.82
Noncore General	GS-70	\$473.58
Multifamily Master Metered	GS-20/25	\$27.87

Q. 8 Does this conclude your prepared rebuttal testimony?

A. 8 Yes.

Appendix A

**SUMMARY OF QUALIFICATIONS
EDWARD GIESEKING**

I graduated from Sonoma State University in 1985 with a Bachelor of Arts degree in Business Management and from New Mexico State University in 1993 with a Master of Arts degree in Regulatory Economics.

From 1983 through 1993, I was employed by Pacific Gas and Electric Company in various capacities, including the position of Regulatory Analyst in the Revenue Requirements and Rates departments. My responsibilities as a Regulatory Analyst primarily involved the development of pricing structures and supporting rate requests before the California Public Utilities Commission.

I began my career with Southwest as a Specialist in the Rates department in 1993. I was assigned responsibility for monitoring and participating in California regulatory activity and reporting impacts to Company management. In 1995 I was promoted to Senior Specialist in the Regulatory Affairs department and subsequently promoted to Manager of the department in 1998. In addition to the day-to-day management of the department, my responsibilities included the supervision of regulatory filings to ensure timely and accurate submittals, and serving as the Company liaison with state regulatory agency and state consumer advocate professionals.

In August 2002, I was promoted to the position of Senior Manager of the Pricing and Tariffs department and in July 2003 was promoted to my current position.