

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

SUPPLEMENTAL PREPARED DIRECT TESTIMONY
OF
EDWARD GIESEKING

ON BEHALF OF
SOUTHWEST GAS CORPORATION

DECEMBER 2, 2011

BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION
Supplemental Prepared Direct Testimony
of
Edward Giesecking

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7 Q. 1 Please state your name and business address.

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

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

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

13 Q. 3 Have there been any changes in your professional qualifications since the
14 filing of your prepared direct testimony in this proceeding?

15 A. 3 No.

16 Q. 4 What is the purpose of your supplemental prepared direct testimony?

17 A. 4 My supplemental prepared direct testimony is being filed in response to the
18 November 2, 2011 Amended Scoping Memo and Ruling of the Assigned
19 Commissioner. The Assigned Commissioner directed each utility to file
20 supplemental testimony illustrating the rate impacts that its Implementation
21 Plan will have on the various classes of customers, using the same cost
22 allocation and rate design principles used in each utility's most recently
23 adopted cost allocation decision.

24 Q. 5 How has the Company prepared its customer rate impact analysis?

25 A. 5 In lieu of establishing a new rate component for the recovery of its
26 Implementation Plan costs, the Company proposed the establishment of a
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1 deferred regulatory asset account to which it would defer the depreciation
2 expense, carrying charges and property taxes associated with the
3 Implementation Plan, for recovery in the Company's next general rate case.
4 To model the rate impact of the Implementation Plan on customers, the
5 Company calculated the revenue requirement implications of the proposed
6 pipe replacement activity and the amortization of the deferred regulatory
7 asset.

8 First, the cost of service and rate design model adopted in the
9 Company's last general rate case (Application 07-12-022) was used to
10 determine the customer class cost responsibility associated with the
11 projected \$7.4 million capital expenditure proposed in the Company's
12 Implementation Plan. Next, the projected balance in the proposed deferred
13 regulatory asset account was allocated to each customer class in the same
14 proportion as the allocated revenue requirement and amortized over a three
15 year rate case cycle. Customer impacts were then computed by dividing the
16 sum of the customer class revenue requirement associated with the capital
17 expenditure and the regulatory asset amortization, by the number of
18 customer class annual bills. The average monthly bill impacts for each
19 customer class are shown on Exhibit No. EBG-1 attached to my
20 supplemental direct testimony.

21 Q. 6 Does this conclude your supplemental prepared direct testimony?

22 A. 6 Yes.

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**Southwest Gas Corporation/Southern California Division
Rulemaking 11-02-019
Implementation Plan Customer Impacts**

| | Rate Schedule | Annual Bills | Customer Class Margin Responsibility | | | Allocation Proportion | Regulatory Deferral | Average Monthly Bill Impact |
|----------------------------|------------------|--------------|--------------------------------------|--------------|-------------|--------------------------|------------------------|--------------------------------|
| | | | Authorized | w/ Plan | Increase | | | |
| Residential, Primary | GS-10 | 1,467,698 | \$43,488,013 | \$44,528,607 | \$1,040,594 | 79.08% | \$197,691 | \$0.84 |
| Residential, Secondary | GS-15 | 124,437 | \$4,113,289 | \$4,248,242 | \$134,953 | 10.26% | \$25,638 | \$1.29 |
| Core General | GS-35/40 | 72,912 | \$6,145,000 | \$6,254,356 | \$109,356 | 8.31% | \$20,775 | \$1.78 |
| Motor Vehicle | GS-50 | 72 | \$59,412 | \$60,822 | \$1,410 | 0.11% | \$268 | \$23.30 |
| Internal Combustion Engine | GS-60 | 168 | \$42,513 | \$43,084 | \$571 | 0.04% | \$108 | \$4.04 |
| Noncore General | GS-70 | 156 | \$560,693 | \$566,003 | \$5,310 | 0.40% | \$1,009 | \$40.51 |
| Multifamily Master Metered | GS-20/25 | 864 | \$536,206 | \$559,948 | \$23,742 | 1.80% | \$4,510 | \$32.70 |