

Application No: A.18-11-XXX
Exhibit No.: _____
Witness: D. L. Buczkowski

Application of Southern California Gas
Company (U 904 G) and San Diego Gas &
Electric Company (U 902 G) for Review of
Costs Incurred in Executing Pipeline Safety
Enhancement Plan

Application A.18-11-XXX

CHAPTER I
DIRECT TESTIMONY OF DAVID L. BUCZKOWSKI
(POLICY)
ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY
AND
SAN DIEGO GAS & ELECTRIC COMPANY

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

November 13, 2018

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1 **I. PURPOSE AND OVERVIEW OF TESTIMONY**

2 The purpose of my direct testimony on behalf of Southern California Gas Company
3 (SoCalGas) and San Diego Gas & Electric Company (SDG&E) is to reaffirm our commitment to
4 enhancing the safety of our system through the Pipeline Safety Enhancement Plan (PSEP) and
5 provide an overview of our prudent and reasonable implementation of this Commission and
6 State-mandated safety enhancement work.

7 **II. SOCALGAS AND SDG&E REMAIN FULLY COMMITTED TO THE**
8 **COMMISSION'S PIPELINE SAFETY ENHANCEMENT EFFORTS**

9 Safety has been and will always be paramount at SoCalGas and SDG&E, and PSEP is at
10 the forefront of that commitment. PSEP is a comprehensive plan to enhance the safety and
11 reliability of Southern California's natural gas infrastructure in the near term and for decades to
12 come. As such, it is a safety enhancement effort of extreme magnitude in terms of both scope of
13 work and timeframe.

14 SoCalGas and SDG&E have worked diligently and expeditiously to enhance system
15 safety, consistent with Commission directives, since first kicking off implementation of PSEP in
16 June 2012. In so doing, SoCalGas and SDG&E have executed PSEP consistent with the
17 overarching objectives of the plan to: (1) enhance public safety; (2) comply with the
18 Commission's directives; (3) minimize customer and community impacts; and (4) maximize the
19 cost-effectiveness of safety investments for the benefit of customers.¹ As explained in Chapters
20 II and III (Phillips) and Chapter IV (Mejia), PSEP projects have been executed so as to meet or
21 exceed applicable regulatory, environmental, and safety requirements and enhance the overall

¹ R.11-02-019, Amended Testimony of Southern California Gas Company and San Diego Gas & Electric Company in Support of Proposed Natural Gas Pipeline Safety Enhancement Plan (December 2, 2011) at 10.

1 safety and reliability of the system. As discussed in greater detail in Chapters II and III
2 (Phillips), completed pipeline replacement projects have enhanced system safety and reliability
3 through the installation of new pipe manufactured and constructed in accordance with modern
4 standards for safety. Pressure test projects have been completed successfully and the pipelines
5 have been returned to service. Through the execution of Valve Enhancement Plan projects, as
6 discussed further in Chapter IV (Mejia), SoCalGas and SDG&E modernized their transmission
7 pipeline valve infrastructure, reducing the amount of time required to identify a drop in pressure
8 on a pipeline, and enabling transmission pipelines to be isolated more quickly in the event of a
9 rupture. Projects were completed while maintaining reliability of service to core customers, and
10 impacts to commercial and industrial customers were minimized through strategic project
11 planning and engagement in proactive communications.

12 SoCalGas and SDG&E are particularly proud of the outstanding safety record associated
13 with the execution of PSEP projects. Our Occupational and Safety Health Administration
14 (OSHA) incident rate through August 2018 was 0.43, well below the 2017 reported industry
15 average of 0.8.² SoCalGas and SDG&E implement a comprehensive safety training program and
16 administer the program to both employees and contractors, which effectively promotes
17 consistency in safety procedures and, most importantly, fosters a safety culture that enables our
18 employees and contractors to return home safely at the end of each work day.

² Bureau of Labor Statistics data for 2017, Industry Injury and Illness Data, Supplemental News Release Tables, SNR05. Injury cases – rates, counts, and percent relative standard errors – detailed industry; available to the public at https://www.bls.gov/iif/oshsum.htm#16Summary_Tables.

1 **III. PSEP HAS BEEN GUIDED BY A FOCUS ON MAXIMIZING CUSTOMER**
2 **BENEFITS**

3 The primary objective of PSEP is to enhance the safety of the SoCalGas and SDG&E
4 pipeline system for the benefit of our customers, employees and contractors, and the
5 communities we serve. In achieving that objective, SoCalGas and SDG&E have remained
6 mindful of the objective to maximize the benefits of customers' investments. While after-the-
7 fact reasonableness reviews focus primarily on costs, the Commission should not lose sight of
8 the safety value provided by PSEP and the magnitude of the Commission-ordered undertaking.

9 SoCalGas and SDG&E have worked to complete this comprehensive safety enhancement
10 program as soon as practicable, while doing so in a cost-effective manner. PSEP construction
11 projects are strategically scheduled to keep company and contractor workforces fully productive
12 to the extent practicable. As discussed in Chapter II (Phillips), this thoughtful planning and
13 sequencing of projects is a critical component of the effective management of overall PSEP
14 costs, as it enables SoCalGas and SDG&E to minimize lulls in activity between projects, which
15 would otherwise result in a higher turnover of specialized contractor resources, lower
16 productivity and higher overall costs for customers.

17 Proactive measures to achieve cost efficiencies and maximize customer value are
18 described throughout the testimony supporting this Application and demonstrate our
19 commitment to enhancing safety, maintaining reliability of service to customers, and maximizing
20 the value of customer investments. Significant cost avoidances have been realized as a result of
21 these measures. For example, as explained in Chapter II (Phillips), SoCalGas and SDG&E
22 successfully reduced the overall scope of Phase 1 through scope validation activities undertaken
23 upon project initiation. Efforts to control costs do not stop once projects progress beyond the
24 initial scoping validation stage. For example, as explained in Chapter II (Phillips), SoCalGas

1 and SDG&E implement a variety of materials and services competitive sourcing strategies,
2 including a Performance Partnership Program for construction services, to obtain market-based
3 and competitive pricing for the benefit of customers. Through these efforts and others,
4 SoCalGas and SDG&E effectively manages the costs of this unprecedented effort to modernize
5 and enhance the safety of California's natural gas infrastructure.

6 **IV. SOCALGAS AND SDG&E PRIORITIZED SAFETY AND HAVE ACTED AS**
7 **REASONABLE MANAGERS BASED ON WHAT WAS KNOWN AT THE TIME**

8 PSEP is a comprehensive program to enhance natural gas transmission infrastructure that
9 spans our 24,000 square mile service territory and reliably serves approximately 24 million
10 customers. In Phase 1 alone, SoCalGas and SDG&E plan to complete more than 400 separate
11 pipeline and bundled valve projects to be individually planned, permitted, and constructed. To
12 complete PSEP as soon as practicable, SoCalGas and SDG&E simultaneously execute dozens of
13 unique and discrete projects, while continuing to maintain safe and reliable natural gas service to
14 customers. As described in the chapters that follow, this endeavor requires SoCalGas and
15 SDG&E to separately design, plan, permit, and construct multiple projects in a coordinated and
16 concerted manner. The very nature of PSEP Phase 1 requires work on some of our oldest
17 pipelines, and requires work to be performed in congested and populated areas of our system.
18 This undertaking requires significant coordination with many external and internal entities to
19 align a myriad of factors before construction can even begin. Adding to the complexity, this
20 work had to be completed as soon as practicable and was incremental to ongoing natural gas
21 operations work.

22 Each project is unique in terms of scope and complexity, so the circumstances and costs
23 of completing each project are equally varied and unique. As described in the project narratives
24 provided in the workpapers accompanying this Application, SoCalGas and SDG&E balanced

1 competing risks and exercised experienced and professional management to make project
2 decisions based on the information available at the time. These decisions align with the
3 reasonable manager standard the Commission applies to determine the reasonableness of costs
4 presented for review in this Application.

5 Despite the challenges of executing a program of this magnitude, through August, 2018
6 SoCalGas and SDG&E completed over 92 miles of PSEP pipeline replacement projects and
7 pressure tested and returned to service over 93 miles of pipeline. SoCalGas and SDG&E have
8 also completed over 50 bundled valve enhancement projects to modernize transmission valve
9 infrastructure and minimize the amount of time required to identify a significant drop in pipeline
10 pressure and remotely stop the flow of gas in the event of a pipeline rupture. Through these
11 investments in accordance with the Commission’s directives and California Public Utilities Code
12 sections 957 and 958, SoCalGas and SDG&E are achieving the State’s natural gas transmission
13 system safety enhancement goals.

14 **V. CONCLUSION**

15 The overarching objectives of PSEP (i.e., enhancing public safety, complying with the
16 Commission’s directives, minimizing customer and community impacts, and maximizing the
17 cost effectiveness of infrastructure investments for the benefit of our customers) articulated in
18 our original proposed PSEP filed more than seven years ago are still applicable today and remain
19 at the forefront as SoCalGas and SDG&E continue to implement PSEP. SoCalGas and SDG&E
20 have and will continue to promote reasonableness of costs and prudence in decision making
21 while engaging in these safety enhancement efforts. As set forth in greater detail in the chapters
22 that follow, SoCalGas and SDG&E have: (1) prudently managed and executed PSEP projects;
23 (2) been diligent in avoiding costs and promoting reasonable costs; and (3) instituted a PSEP

1 organization within SoCalGas and SDG&E to provide appropriate oversight and identify
2 opportunities to enhance safety and efficiency. Based on the foregoing, the Commission should
3 find that SoCalGas and SDG&E have acted as reasonable managers, determine that the costs
4 presented for review in this Application are reasonable, and authorize SoCalGas and SDG&E to
5 recover those reasonable costs in rates. Accordingly, and based on the supporting testimony
6 provided in the chapters that follow, the Commission should find: (1) SoCalGas and SDG&E
7 have met their burden of demonstrating that they acted as a reasonable manager would, based on
8 the information known at the time;³ (2) SoCalGas and SDG&E have demonstrated the
9 reasonableness of the costs incurred to execute the safety enhancement work presented in this
10 proceeding; and (3) SoCalGas and SDG&E should be authorized full rate recovery of the
11 revenue requirements submitted for review.

12 This concludes my prepared Direct Testimony.

³ D.90-09-088 (cited in D.11-10-002 at 11, n. 2). As also noted in the A.14-12-016, April 1, 2015, Assigned Commissioner and Administrative Law Judge Scoping Ruling at 6, the: “reasonableness of a particular management action depends on what the utility knew or should have known at the time that the managerial decision was made, not how the decision holds up in light of future developments.”

1 **VI. WITNESS QUALIFICATIONS**

2 My name is David L. Buczkowski. I am Vice President of Gas Engineering & System
3 Integrity for SoCalGas and San Diego Gas & Electric Company. My business address is 555
4 West Fifth Street, Los Angeles, California 90013-1011. In my role, I am responsible for leading
5 the Gas Engineering organization that is responsible for engineering policies, procedures, and
6 oversight; the System Integrity organization that is responsible for system integrity policies and
7 programs; and, the Major Projects organization that is responsible for the development, project
8 management and construction of large, complex gas infrastructure projects for both SoCalGas and
9 SDG&E.

10 I first joined SoCalGas as the Director of Major Projects in May of 2011. I was promoted
11 to Senior Director of Major Projects in 2014, and then promoted to Vice President of Gas
12 Engineering and Major Projects in June of 2016. In these positions, my responsibilities included
13 overseeing the project management and project execution of major capital and expense gas
14 infrastructure projects for SoCalGas and SDG&E. The scope of my responsibilities increased
15 through my promotion from Director to Vice President.

16 Prior to joining SoCalGas, I served as a project director on several multi-billion dollar
17 mega-projects. Throughout my career my roles have included project management, engineering
18 management, start-up, and O&M engineering for projects in refineries, oil and gas processing
19 facilities, biofuels, and petrochemical plants. Project scopes included conceptual engineering,
20 basic engineering, front-end engineering, program management, and detailed engineering and
21 design, procurement and construction efforts. From 2001 to 2011, I worked for Fluor in various
22 project management positions of increasing responsibility, ultimately serving in the role of Project
23 Director. In that role, I had overall responsibility for project cost, schedule, and execution,

1 including engineering/design, procurement, contracts, and construction of large capital energy
2 infrastructure projects.

3 From 1997 to 2001, I was employed by Parsons Corporation, first as a Project Engineer,
4 then in various project management positions of increasing responsibility. From 1990 to 1995, I
5 was employed by Shell Oil Company, first as an Operations Support Engineer and subsequently
6 in various roles of increasing responsibility, including project management of major refinery
7 projects and ultimately ascended to the position of Start-Up Engineer for the Shell Refinery
8 Expansion and Clean Fuels megaproject.

9 I graduated from the University of Illinois in 1989 with a Bachelor of Science degree in
10 Mechanical Engineering. I have over 27 years of domestic and international experience in various
11 energy industries.

12 I have previously testified before the California Public Utilities Commission.