

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

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 18-11-010
(Filed November 13, 2018)

**MOTION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND SAN DIEGO
GAS & ELECTRIC COMPANY (U 902 G) FOR LEAVE TO AMEND
APPLICATION 18-11-010**

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Dated: April 2, 2019

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APPLICATION 18-11-010**

Pursuant to Rule 11.1 of the California Public Utilities Commission’s Rules of Practice and Procedure, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) hereby move for leave to amend Application 18-11-010 (Application), filed on November 13, 2018, which requests review of certain costs incurred to implement their Pipeline Safety Enhancement Plan (PSEP). SoCalGas and SDG&E seek leave to amend in order to conform the Application to amended testimony and workpapers which update certain calculation inaccuracies discovered subsequent to the original filing and to promote clarity.

I. INTRODUCTION

Through this motion, SoCalGas and SDG&E seek to conform the Application to align with amended testimony and workpapers. The changes reflected in the proposed amended application, a copy of which (including redlined changes) is attached to this motion as Attachment A (Amended Application),¹ do not materially alter the relief requested in the

¹ The Amended Application is provided without standard CPUC Rule 2 attachments; however, the attachments will be filed with the Amended Application if this motion is granted. For the convenience of the Commission and parties to this proceeding, Attachment B hereto reflects the updates to the testimony and workpapers which, in turn, necessitate changes to the Application.

Application, but are necessary to reflect minor substantive corrections to the data submitted in support of the Application in workpapers and testimony. This motion is required under Rule 1.12 of the Commission's Rules of Practice and Procedure because the Scoping Memo for this proceeding has already been issued.²

The updates to the testimony and workpapers reduce the amount of disallowances required to be deducted from the costs presented for review and recovery in this Application by approximately \$399,000. The impact of these changes upon the revenue requirement calculation for the Application is anticipated to be so minimal that modification of the proposed rate changes, i.e., the "bill impacts" stated in the Rule 3.2(d) bill notices already submitted by SoCalGas and SDG&E in connection with the Application, is not required.³ As such, new bill notices are not necessitated.

The scope of the proceeding remains the same, and the proceeding is still in its initial phases. As such, the parties are not expected to be prejudiced by this proposed amendment, and SoCalGas and SDG&E request that the current procedural schedule remain in place.

If this motion is granted, SoCalGas and SDG&E will file the Amended Application as a stand-alone document. In order to provide parties with the most current and accurate information as soon as possible, while awaiting a ruling on this motion, SoCalGas and SDG&E will serve amended testimonies on all parties to the proceeding and a public version of the revised workpapers will be made available on their websites (with confidential versions available to parties upon execution of a non-disclosure agreement).

² CPUC Rule 1.12(a).

³ See SoCalGas and SDG&E's January 10, 2019 Rule 3.2 Compliance Filing.

II. BACKGROUND

On November 13, 2018, SoCalGas and SDG&E filed its Application for review of certain costs incurred to implement their PSEP and recovery of the associated revenue requirements. The Application seeks review of expenditures totaling approximately \$854.0 million in capital and \$86.7 million in operations and maintenance (O&M). Based on these costs, the Application seeks recovery of revenue requirements of \$188.3 million for SoCalGas and \$22.9 million for SDG&E. Bill notices reflecting the associated rate change for the Application were mailed and confirmed in SoCalGas and SDG&E's January 10, 2019 Rule 3.2 Compliance Filing.

On December 13, 2018, a protest to the Application was received from the Public Advocates Office (Cal Advocates), and on December 17, 2018, The Utility Reform Network (TURN), Southern California Generation Coalition (SCGC), and Indicated Shippers filed their protests. On December 27, 2018, SoCalGas and SDG&E filed a reply to the protests. A prehearing conference was held on January 16, 2019.

On January 30, 2019, SoCalGas and SDG&E met with representatives from TURN, Cal Advocates, and Indicated Shippers to provide an overview and background of the PSEP proceedings and the Application. At that time SoCalGas and SDG&E indicated SoCalGas and SDG&E would update the Application and supporting testimony and workpapers to reflect minor corrections to supporting data.

On February 14, 2019, Administrative Law Judge (ALJ) Ayoade and Assigned Commissioner Martha Guzman Aceves issued a Scoping Memo and Ruling. The current procedural schedule is as follows:

Event	Date
Intervenor Testimony	June 3, 2019
Prepared Rebuttal Testimony	October 20, 2019
Evidentiary Hearings	November 12-14, 2019
Opening Briefs	December 16, 2019
Reply Briefs	January 16, 2019
Proposed Decision	April 2020
Commission Decision	June 2020

Since a scoping memo has been issued in this proceeding, pursuant to Rule 11.1, SoCalGas and SDG&E file the instant motion to request leave to amend Application 18-11-010.⁴

III. MOTION FOR LEAVE TO AMEND

SoCalGas and SDG&E seek leave to amend their Application in order to conform the Application to the updated testimony and workpapers so it consistently represents the data supporting the overall costs presented for review and recovery in this proceeding. This motion does not seek a determination of the reasonableness of the data or project costs.

The changes sought to be made to the Application are shown in the proposed Amended Application attached hereto as Attachment A. The changes made to the Application correspond to changes in testimony and workpapers. Most of the changes correct minor inadvertent calculation errors, including updating the system average cost of pressure testing, the previous

⁴ Leave to amend the supporting testimony and workpapers is not required.

calculation of which did not include the costs of all relevant pressure tests within the scope of this proceeding.⁵ Other revisions reflect minor wording changes to provide greater clarity.

The overall impact of these updates is not significant, and does not materially alter the relief requested in the Application. The Amended Application does not materially affect the overall expenditures presented for review, which remain approximately \$854.0 million in capital and \$86.7 million in O&M. The costs presented for review, totaling approximately \$938.6 million (\$809.5 million for SoCalGas and \$129.1 million for SDG&E), do increase by approximately \$399,000 (\$276,000 for SoCalGas and \$123,000 for SDG&E), which in turn minimally increases the respective revenue requirements. Because of the relatively minimal impact anticipated to the revenue requirements and rates, no changes are required to be reflected in SoCalGas' or SDG&E's Rule 3.2(d) billing notices, and therefore updated notices are not required. Consistent with existing practice, SoCalGas and SDG&E plan to update their revenue requirements upon a Commission decision in this proceeding for implementation in rates.⁶

⁵ This update caused the system-average cost of pressure testing cut-off date to shift from June 2017 to April 30, 2018.

⁶ The revenue requirement impact associated with the amended application will be included as part of the other updates for regulatory account interest, 50% interim cost recovery, and the ongoing capital-related costs (i.e., depreciation, return and taxes) for PSEP projects approved in this proceeding, consistent with SoCalGas and SDG&E's revenue requirement testimony.

IV. CONCLUSION

SoCalGas and SDG&E respectfully request leave to file the attached Amended Application to conform the Application to reflect updated underlying project data presented for review in the testimony and workpapers. The updates do not materially affect the revenue requirement proposed in the Application or the scope of the proceeding, and, given the early stage of this motion, are not expected to prejudice the parties to this proceeding. Therefore, SoCalGas and SDG&E also request that the procedural schedule provided in the February 14, 2019 Scoping Memo and Ruling remain in place.

Respectfully submitted

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Dated: April 2, 2019

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

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 18-11-010
(Filed November 13, 2018)

**ADMINISTRATIVE LAW JUDGE’S [PROPOSED] RULING GRANTING MOTION OF
SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND SAN DIEGO GAS &
ELECTRIC COMPANY (U 902 G) FOR LEAVE TO AMEND
APPLICATION 18-11-010**

On April 2, 2019, Southern California Gas Company (“SoCalGas”) and San Diego Gas & Electric Company (“SDG&E”) filed a Motion for Leave to Amend Application 18-11-010 (“Motion”).

In accordance with the Rules of Practice and Procedure, the California Public Utilities Commission has considered the Motion. This ruling grants the Motion.

Accordingly, it is ORDERED that:

1. The Motion is granted. SoCalGas and SDG&E are granted leave to file the Amended Application appended to the Motion.
2. The procedural schedule contained in the February 14, 2019 Scoping Memo and Ruling is unaltered by this ruling.

Dated _____, 2019, at San Francisco, California.

Administrative Law Judge Adeniyi A. Ayoade

ATTACHMENT A

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

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-~~010XXX~~

**AMENDED 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**

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~~November 13, 2018~~ April 2, 2019

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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-~~010XXX~~

AMENDED 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

I. INTRODUCTION

Pursuant to Rule 1.12 of the Rules of Practice and Procedure of the California Public Utilities Commission (“CPUC” or “Commission”), Southern California Gas Company (“SoCalGas”) and San Diego Gas & Electric Company (“SDG&E;” with SoCalGas, “Applicants”) respectfully submit this Amended Application (“Application”) requesting review of costs incurred to implement their Pipeline Safety Enhancement Plan (“PSEP”).

Consistent with the Commission decision approving Applicants’ PSEP – Decision (“D.”) 14-06-007 – this Application requests review of the capital and operations and maintenance (“O&M”) expenditures discussed herein. The expenditures submitted for review total approximately \$854.0 million in capital and \$86.7 million in O&M, and the associated revenue requirement is \$188.3 million and \$22.9 million for SoCalGas and SDG&E, respectively.¹

¹ The updates in this Amended Application change the revenue requirement minimally. Consistent with our practice, and the request in the original Application and herein, Applicants will update the revenue requirements for SoCalGas and SDG&E upon a Commission decision in this proceeding for implementation in rates.

In this Application and the accompanying prepared direct testimony and workpapers,² SoCalGas and SDG&E establish that the pipeline safety work performed is consistent with the Commission’s and State’s mandate to execute PSEP as soon as practicable; that the program has been overseen and managed consistent with the reasonable manager standard, and the projects have been prudently executed; and that the associated costs are just and reasonable. Based on the foregoing, the costs should be approved as reasonable and the associated revenue requirements should be authorized for full recovery.

II. BACKGROUND AND PROCEDURAL HISTORY

A. Mandate to Perform Safety Enhancement Work As Soon As Practicable.

On September 9, 2010, a 30-inch diameter natural gas transmission pipeline in the city of San Bruno, California ruptured and caught fire. This incident led the Commission to issue Rulemaking (“R.”) 11-02-019, “a forward-looking effort to establish a new model of natural gas pipeline safety regulation applicable to all California pipelines.”³

In D.11-06-017, the Commission found that “natural gas transmission pipelines in service in California must be brought into compliance with modern standards for safety,” and ordered all California natural gas transmission pipeline operators “to prepare and file a comprehensive Implementation Plan to replace or pressure test all natural gas transmission pipeline in California that has not been tested or for which reliable records are not available.”⁴ The Commission required the submitted plans to provide for testing or replacing all such pipelines “as soon as practicable,”⁵ and also to “address retrofitting pipeline to allow for in-line inspection tools and,

² Workpapers are available upon request.

³ R.11-02-019 at 1.

⁴ D.11-06-017 at 18.

⁵ D.11-06-017 at 19.

where appropriate, automated or remote controlled shut off valves.”⁶ The Commission further directed the utilities to develop plans that “provide for testing or replacing all [segments of natural gas pipelines which were not pressure tested or lack sufficient details related to performance of any such test] as soon as practicable,”⁷ and address “all natural gas transmission pipeline . . . even low priority segments,”⁸ while also “[o]btaining the greatest amount of safety value, i.e., reducing safety risk, for ratepayer expenditures.”⁹ Many of the requirements of D.11-06-017 were later codified in sections 957 and 958 of the California Public Utilities Code.

B. SoCalGas and SDG&E’s Pipeline Safety Enhancement Plan.

On August 26, 2011, in response to the Commission’s directives, all California pipeline operators, including SoCalGas and SDG&E, filed their proposed implementation plans. SoCalGas and SDG&E’s proposed plan, the PSEP, is expressly guided by four overarching objectives: (1) to enhance public safety; (2) to comply with the Commission’s directives; (3) to minimize customer and community impacts; and (4) to maximize the cost-effectiveness of safety investments for the benefit of customers. As required by the Commission’s orders, the PSEP includes, among other things, a prioritization schedule and a proposed “Decision Tree” to guide whether individual segments should be pressure tested, replaced, de-rated, or abandoned.^{10, 11}

The Commission’s directives in D.11-06-017, and Public Utilities Code sections 957 and 958, require SoCalGas and SDG&E to simultaneously execute numerous unique and discrete

⁶ D.11-06-017 at 21.

⁷ D.11-06-017 at 19.

⁸ D.11-06-017 at 20.

⁹ D.11-06-017 at 22.

¹⁰ On December 2, 2011, SoCalGas and SDG&E amended their PSEP to include supplemental testimony to address issues identified in an Amended Scoping Ruling issued on November 2, 2011.

¹¹ D.12-04-021 at 12. The Commission transferred SoCalGas and SDG&E’s PSEP to SoCalGas and SDG&E’s Triennial Cost Allocation Proceeding, Application (A.)11-11-002, and authorized SoCalGas and SDG&E to create memorandum accounts to record PSEP costs for later Commission ratemaking consideration.

pipeline and valve enhancement projects as soon as practicable. This entails undertaking the substantial task of separately designing, planning, and constructing multiple projects in a coordinated and concerted manner across SoCalGas and SDG&E's 24,000-square-mile service territory.

SoCalGas and SDG&E's PSEP sets forth a risk-based prioritization approach to complete the hundreds of individual pipeline and valve enhancement projects required under D.11-06-017 as soon as practicable. The work is planned to be addressed in two phases, Phase 1 and Phase 2. Both phases are further divided into two sub-phases, A and B. In Phase 1A, SoCalGas and SDG&E planned to pressure test or replace transmission pipelines in Class 3 and 4 locations and Class 1 and 2 locations in high consequence areas ("HCAs") that do not have sufficient documentation of a pressure test to at least 1.25 times the Maximum Allowable Operating Pressure ("MAOP"). In Phase 1B, SoCalGas and SDG&E planned to replace non-piggable pipelines installed prior to 1946. As required by State law and Commission Decision 11-06-017, the PSEP also includes a Valve Enhancement Plan to install new automated valves or augment existing valves to reduce the amount of time required to identify a significant drop in pipeline pressure and stop the flow of gas in the event of a pipeline rupture.

Phase 2 is also further sub-divided into two phases, Phase 2A and Phase 2B. In Phase 2A, SoCalGas and SDG&E plan to pressure test or replace transmission pipelines in non-HCAs within Class 1 and 2 locations that do not have record of a pressure test to at least 1.25 times the MAOP. In Phase 2B, SoCalGas and SDG&E plan to retest or replace pipelines in non-HCAs within Class 1 and 2 locations that have documentation of a pressure test, but the documentation is not sufficient to satisfy the modern pressure test standards established under Title 49 of the

Code of Federal Regulations Part 192 Subpart J. There are no standalone Phase 2 projects submitted for review in this Application.¹²

In June 2014, the Commission issued D.14-06-007, which approved SoCalGas and SDG&E's PSEP, "adopt[ed] the concepts embodied in the Decision Tree,"¹³ "adopt[ed] the intended scope of work as summarized by the Decision Tree,"¹⁴ and "adopt[ed] the Phase 1 analytical approach for Safety Enhancement ... as embodied in the Decision Tree ... and related descriptive testimony."¹⁵ For Phase 1, D.14-06-007 authorized Applicants to begin work as described in their PSEP and to record costs in two-way balancing accounts subject to refund pending a subsequent reasonableness review.¹⁶

On August 19, 2016, the Commission issued D.16-08-003, granting Applicants' unopposed request to establish Phase 2 memorandum accounts, adopting a staff proposal to authorize SoCalGas and SDG&E to recover in rates fifty percent of the PSEP Phase 1 regulatory account balances each year, subject to refund, and setting forth a long-term procedural framework to transition PSEP into SoCalGas' and SDG&E's general rate case applications. As part of that transition, the decision directed SoCalGas and SDG&E to submit two standalone reasonableness review applications for PSEP Phase 1—one in 2016 and the other in 2018—and directed that future reasonableness reviews take place in subsequent general rate cases. This Application is filed in compliance with this directive and, consistent with the Commission's

¹² Certain parties disagree as to whether Phase 2B has been mandated by the Commission, and thus the question has been presented to the Commission for a decision in Applicants' consolidated general rate case, A.17-10-007/008. The parties to Applicants' second PSEP reasonableness review application (A.16-09-005) agreed that any decision on Phase 2B miles considered in that proceeding would not be precedential as to whether Phase 2B has been mandated. SoCalGas and SDG&E agree to the same for purposes of this Application.

¹³ D.14-06-007 at 2.

¹⁴ D.14-06-007 at 22.

¹⁵ D.14-06-007 at 59 (OP 1).

¹⁶ D.14-06-007 at 59.

order to transition PSEP into Applicants' general rate case process, is the last standalone application for after-the-fact review of costs incurred to execute PSEP.

C. Regulatory Accounts.

Prior to the Commission's issuance of a decision approving the PSEP, in D.12-04-021 the Commission directed SoCalGas and SDG&E to establish Pipeline Safety and Reliability Memorandum Accounts ("PSRMAs") to track and record the costs of implementing PSEP on an interim basis.¹⁷ In accordance with the Commission's subsequent decision approving PSEP, D.14-06-007, Applicants created Safety Enhancement Capital Cost Balancing Accounts ("SECCBA") and Safety Enhancement Expense Balancing Accounts ("SEEBA") to record costs associated with Applicants' Phase 1 projects.¹⁸ As noted above, the Commission subsequently authorized Applicants to recover in rates fifty percent of the balances in the PSRMAs, SEEBAs and SECCBAs each year, subject to refund pending reasonableness review.¹⁹

III. STANDARD OF REVIEW

A. Just and Reasonable Standard.

This is a ratesetting proceeding. Applicants bear the burden of establishing affirmatively the reasonableness of their requests herein.²⁰ Pursuant to Public Utilities Code sections 451 and 454, all rates and charges collected by a utility must be "just and reasonable," and a public utility may not change any rate "except upon a showing before the commission and a finding by the commission that the new rate is justified."²¹ Thus, the Commission requires that Applicants

¹⁷ The PSRMAs were established on May 18, 2012, pursuant to SoCalGas and SDG&E Advice Letters 4359 and 2106-G.

¹⁸ D.14-06-007 at 60 (OP 4); Advice Letters 4664 and 2300-G.

¹⁹ D.16-08-003 at 16 (OP 4).

²⁰ D.14-06-007 at 12, 55 (COL 3).

²¹ Pub. Util. Code §§ 451, 454.

demonstrate with admissible evidence that the revenue requirement proposed herein is just and reasonable.²²

The Commission applies the reasonable manager standard to after-the-fact reviews. As explained by the Commission, “reasonable and prudent acts do not require perfect foresight or optimum outcomes, but may fall within a spectrum of possible acts consistent with utility needs, ratepayer interests, and regulatory requirements.”²³ Under this standard, the Commission holds utilities to “a standard of reasonableness based upon the facts that are known or should have been known at the time.”²⁴ In so doing, the Commission looks to the decision-making process and information available to the manager to assess whether the course of action was within the “bounds of reasonableness, even if it turns out not to have led to the best possible outcome.”²⁵ As explained by the Commission, this is to “avoid the application of hindsight in reviewing the reasonableness of a utility decision.”²⁶

In D.14-06-007, the Commission issued guidance as to the information to be provided in forthcoming after-the-fact reasonableness reviews, stating:

At a minimum we would expect that SDG&E and SoCalGas could document and demonstrate an overview of the management of Safety Enhancement which might include: ongoing management approved updates to the Decision Tree and ongoing updates similar to the Reconciliation. The companies should be able to show work plans, organization charts, position descriptions, Mission Statements, etc., used to effectively and efficiently manage Safety Enhancement. There would likely be records of contractor selection controls, project cost control systems and reports, engineering design and review controls, and of course proper retention of constructions records, retention of pressure testing records, and retention of all other construction test and inspection records, and

²² D.14-06-007 at 12; Pub. Util. Code § 451.

²³ D.90-09-088 at 16; D.97-08-055 at 54.

²⁴ D.90-09-088 (cited in D.11-10-002 at 11 n. 2).

²⁵ D.89-02-074 at 169 (COL 3).

²⁶ D.90-09-088 at 15.

records of all other activities mandated to be performed and documented by state or federal regulations.²⁷

This information has been presented in previous reasonableness review proceedings and is again included in this Application and accompanying testimony and workpapers. For ease of reference, the following table identifies where each identified topic is addressed in testimony.

Topic	Testimony
Decision Tree	The approved Decision Tree is addressed in Chapter III (Phillips).
Mileage Reconciliation	The mileage reconciliation is included in Chapter III (Phillips).
Work Plans	Work processes and plans are discussed in Chapter II (Phillips), Chapter III (Phillips), and Chapter IV (Mejia).
Project Specifics	Pipeline and valve project specifics are discussed in Chapter III (Phillips), Chapter IV (Mejia), and the workpapers for each project.
Organization Charts	The PSEP organization is discussed in Chapter II (Phillips) and Chapter V (Mejia). Organization charts are available upon request.
Position Descriptions	The PSEP organization is discussed in Chapter II (Phillips) and Chapter V (Mejia). Descriptions of specific positions are available upon request.
Mission Statement	The PSEP mission statement is addressed primarily in Chapter I (Buczowski) and Chapter II (Phillips)
Contractor Selection Controls	Contractor Selections and Controls are discussed primarily in Chapter II (Phillips).
Project Cost Control Systems and Reports	Cost control systems and reports are discussed in Chapter II (Phillips), Chapter III (Phillips), Chapter IV (Mejia), and Chapter VI (Tran).
Engineering Design and Review Controls	Engineering Design and Review Controls are discussed Chapter II (Phillips), Chapter III (Phillips), Chapter IV (Mejia), and Chapter V (Mejia).
Record Retention of PSEP activities	Record retention is discussed in Chapter II (Phillips) and Chapter V (Mejia).

²⁷ D.14-06-007 at 37.

B. Burden of Proof – Preponderance of the Evidence.

The standard of proof to be applied in determining the reasonableness of Applicants' revenue requirement is preponderance of the evidence.²⁸ Preponderance of the evidence is defined "in terms of probability of truth, e.g., 'such evidence as, when weighed with that opposed to it, has more convincing force and the greater probability of truth.'"²⁹ Thus, Applicants "must present more evidence that supports the requested result than would support an alternative outcome."³⁰

IV. PSEP PROJECTS SUBMITTED FOR REVIEW

Through this proceeding, Applicants seek review of 44 pipeline projects and 39 bundled valve projects; and authorization to recover the full associated revenue requirement in customer rates.³¹ Workpapers for each project have been prepared so each party can review the activities and costs for each project in the context of that project's unique situation and attributes.³² Each workpaper provides: background and summary of the approach to the project (including scope reduction and other relevant information); project analysis utilizing the Decision Tree and project-specific risks, as well as any alternatives considered; maps and images of the project so it can be contextualized; discussion of relevant engineering, design, and planning factors; description of scope changes, if any were required during the detailed design phase; plan for maintaining service to customers during construction, if necessary; method of contractor selection; construction schedule; notable occurrences during construction, if any; description of

²⁸ D.14-06-007 at 13, 55 (Conclusion of Law 4).

²⁹ D.14-06-007 at 13, D.08-12-058; citing Witkin, Calif. Evidence, 4th Edition, Vol. 1, 184.

³⁰ D.14-06-007 at 13.

³¹ Net of the 50% interim recovery in rates each year authorized by D.16-08-003. As noted in Chapter IX (Reyes), the revenue requirement will be updated following the effective date of a Commission decision in this proceeding.

³² In order to facilitate an understanding of the workpapers, an Introduction, Construction Summary, and Glossary have also been prepared.

commissioning and site restoration activities; project costs and cost avoidance measures; preliminary cost estimates, by direct and indirect cost category, as compared to actual costs; and disallowance calculations. The workpapers set forth salient project-specific facts to demonstrate the reasonableness of management’s approach to the project and the costs incurred.

The fully loaded costs incurred by each utility, by category, are presented in Table 1.

Fully loaded costs for each of the 83 projects, as well as certain miscellaneous costs, are presented in Table 2.

**Table 1 – Total Costs by Category
Summary of SoCalGas and SDG&E Costs (in \$000s)**

Project Type	SoCalGas	SDG&E	Total
Replacement Projects	\$ 555,548	\$ 90,479	\$ 646,027
Pressure Test Projects	\$ 55,546	\$ 7,375	\$ 62,921
Combination Test and Replace Projects	\$ 54,551	\$ 23,579	\$ 78,130
Abandonment Projects	\$ 6,140	-	\$ 6,140
Valve Projects	\$ 129,115	\$ 7,936	\$ 137,051
Miscellaneous Costs	\$ 10,223	\$ 248	\$ 10,471
Total	\$ 811,123	\$ 129,617	\$ 940,740

**Table 2 – Total Costs by Project and Category
Summary of SoCalGas and SDG&E Costs (in \$000s)**

Project	Project Type	Utility	Capital	O&M	Total
30-18 Sections 1 and 3	Replace	SCG	\$ 28,281	-	\$ 28,281
33-120 Section 3	Replace	SCG	\$ 7,320	\$ 120	\$ 7,440
36-1002	Replace	SCG	\$ 2,035	\$ 0	\$ 2,035
36-9-09 North Section 1	Replace	SCG	\$ 53,835	\$ 2	\$ 53,837
36-9-09 North Section 3	Replace	SCG	\$ 27,244	\$ 4	\$ 27,248
36-9-09 North Section 4A and 4B	Replace	SCG	\$ 15,145	-	\$ 15,145
36-9-09 North Section 7A and 7B	Replace	SCG	\$ 37,729	\$ 15	\$ 37,744
37-07	Replace	SCG	\$ 31,283	\$ 5	\$ 31,288
37-18 Sections 1,2,3,4, 5	Replace	SCG	\$ 58,054	-	\$ 58,054
38-200	Replace	SCG	\$ 8,539	\$ 23	\$ 8,562
38-501	Replace	SCG	\$ 22,339	\$ 7	\$ 22,346
38-504	Replace	SCG	\$ 5,714	\$ 7	\$ 5,721
38-512 Sections 1, 2, 3	Replace	SCG	\$ 30,889	\$ 1,245	\$ 32,134
38-514	Replace	SCG	\$ 14,751	\$ 23	\$ 14,774

Project	Project Type	Utility	Capital	O&M	Total
38-931	Replace	SCG	\$ 7,467	-	\$ 7,467
41-17	Replace	SCG	\$ 2,744	\$ 0	\$ 2,744
41-116	Replace	SCG	\$ 227	-	\$ 227
41-6000-2	Replace	SCG	\$ 84,857	-	\$ 84,857
43-121 North Section 1	Replace	SCG	\$ 15,991	-	\$ 15,991
43-121 South	Replace	SCG	\$ 35,844	-	\$ 35,844
44-137	Replace	SCG	\$ 27,605	\$ 16	\$ 27,621
44-687	Replace	SCG	\$ 5,892	\$ 10	\$ 5,902
44-720	Replace	SCG	\$ 10,981	\$ 9	\$ 10,990
49-28	Replace	SDG&E	\$ 46,990	-	\$ 46,990
49-15	Replace	SDG&E	\$ 43,489	\$ 0	\$ 43,489
85 South Newhall	Replace	SCG	\$ 9,880	-	\$ 9,880
2000-West Santa Fe Springs Station	Replace	SCG	\$ 9,416	-	\$ 9,416
31-09	Test	SCG	-	\$ 3,651	\$ 3,651
32-21 Section 1	Test	SCG	\$ 1,083	\$ 9,289	\$ 10,372
32-21 Section 2	Test	SCG	\$ 761	\$ 4,740	\$ 5,501
32-21 Section 3	Test	SCG	\$ 683	\$ 3,175	\$ 3,858
37-18-F	Test	SCG	\$ 83	\$ 7,473	\$ 7,556
49-11	Test	SDG&E	\$ 4,762	\$ 2,613	\$ 7,375
406 Section 3	Test	SCG	\$ 390	\$ 2,222	\$ 2,612
2000-C	Test	SCG	\$ 3,086	\$ 10,867	\$ 13,953
2001 West-B	Test	SCG	\$ 686	\$ 4,430	\$ 5,116
2003 Section 2	Test	SCG	\$ 488	\$ 2,439	\$ 2,927
36-9-09 North Section 5A	Test and/ Replace	SCG	\$ 14,197	\$ 2	\$ 14,199
49-13	Test and/ Replace	SDG&E	\$ 19,010	\$ 4,569	\$ 23,579
404 Sections 1, 2, 2A, 3, 3A, 4&5, 8A, and 9	Test and/ Replace	SCG	\$ 13,848	\$ 12,484	\$ 26,332
1004	Test and/ Replace	SCG	\$ 6,899	\$ 7,121	\$ 14,020
36-9-09 South	Abandon	SCG	\$ 2,339	\$ 2	\$ 2,341
36-9-09 JJ	Abandon	SCG	\$ 1,905	\$ 2	\$ 1,907
Kern Wildlife Bundle	Abandon	SCG	\$ 1,888	\$ 4	\$ 1,892
Alhambra Valve	Valve	SCG	\$ 3,588	-	\$ 3,588
Aviation and Boardwalk	Valve	SCG	\$ 7,397	-	\$ 7,397
Banning 5000 Bundle	Valve	SCG	\$ 2,410	-	\$ 2,410
El Segundo	Valve	SCG	\$ 7,488	-	\$ 7,488
Haynes Station	Valve	SCG	\$ 1,750	-	\$ 1,750
Honor Ranch Bundle	Valve	SCG	\$ 1,486	-	\$ 1,486
Indio Bundle	Valve	SCG	\$ 2,853	\$ 5	\$ 2,858
Lampson Bundle	Valve	SCG	\$ 9,632	-	\$ 9,632
Line 1005 Santa Barbara	Valve	SCG	\$ 516	-	\$ 516
Line 1014 Bundle	Valve	SCG	\$ 7,297	-	\$ 7,297
Line 1018 Dana Point	Valve	SCG	\$ 734	-	\$ 734
Line 1020	Valve	SCG	\$ 1,664	-	\$ 1,664
Line 1600 Bundle	Valve	SDG&E	\$ 707	-	\$ 707

Project	Project Type	Utility	Capital	O&M	Total
Line 2000 Beaumont Riverside Bundle	Valve	SCG	\$ 2,786	-	\$ 2,786
Line 2001 Riverside Bundle	Valve	SCG	\$ 2,479	-	\$ 2,479
Line 2001 West Sec 10 and 11	Valve	SCG	\$ 1,545	-	\$ 1,545
Line 2003 East Bundle	Valve	SCG	\$ 4,436	\$ 0	\$ 4,436
Line 2003 West Bundle	Valve	SCG	\$ 3,930	-	\$ 3,930
Line 225 Bundle	Valve	SCG	\$ 2,575	-	\$ 2,575
Line 235-335 East Bundle	Valve	SCG	\$ 3,894	-	\$ 3,894
Line 3010 Bundle	Valve	SDG&E	\$ 276	-	\$ 276
Line 3600 Bundle	Valve	SDG&E	\$ 5,295	-	\$ 5,295
Line 4000 Benson and 7th	Valve	SCG	\$ 1,612	-	\$ 1,612
Line 4000 MP 45.36	Valve	SCG	\$ 1,257	-	\$ 1,257
Line 4000 MP 53.00	Valve	SCG	\$ 1,370	-	\$ 1,370
Line 4000 MP 80.08	Valve	SCG	\$ 1,245	\$ 0	\$ 1,245
Line 4002 Fontana	Valve	SCG	\$ 1,259	-	\$ 1,259
Line 404 Ventura Bundle	Valve	SCG	\$ 4,646	-	\$ 4,646
Line 404-406 Ventura Bundle	Valve	SCG	\$ 974	-	\$ 974
Line 406 Bundle	Valve	SCG	\$ 3,902	-	\$ 3,902
Line 49-28 RCV Upgrade	Valve	SDG&E	\$ 1,658	-	\$ 1,658
Line 6916 Bundle	Valve	SCG	\$ 2,788	-	\$ 2,788
Line 7000 Bundle	Valve	SCG	\$ 1,843	-	\$ 1,843
New Desert Bundle	Valve	SCG	\$ 10,523	\$ 6	\$ 10,529
Newhall Valve Bundle	Valve	SCG	\$ 15,886	-	\$ 15,886
Orange Bundle	Valve	SCG	\$ 5,324	\$ 2	\$ 5,326
Questar Taps	Valve	SCG	\$ 1,763	\$ 5	\$ 1,768
Rainbow Bundle	Valve	SCG	\$ 5,207	-	\$ 5,207
Sepulveda Station Valve	Valve	SCG	\$ 1,038	-	\$ 1,038
Facilities Lease Expense	Misc	SCG/ SDG&E	-	\$ 6,475	\$ 6,475
Descoped Projects	Misc	SCG	-	\$ 746	\$ 746
Post-Completion Adjustments	Misc	SCG/ SDG&E	\$ 33	\$ 1,256	\$ 1,289
PSRMA PSEP Insurance	Misc	SCG	\$ 305	\$ 1,656	\$ 1,961
TOTAL			\$ 854,020	\$ 86,720	\$ 940,740

V. DISALLOWANCES

In approving SoCalGas and SDG&E's PSEP, and in R.11-02-019/A.11-11-002, the Commission determined that certain costs associated with executing PSEP should not be recovered in rates. Compliance with each category of disallowance set forth by the Commission

in prior decisions³³ is described below. Table 3 summarizes the disallowances associated with the projects presented in this Application.

**Table 3 – Total Disallowed Costs³⁴
Summary of SoCalGas and SDG&E Costs in \$000s**

Disallowance Type	SoCalGas	SDG&E	Total
Post-1955 PSEP Costs ³⁵	\$ <u>1,6881,412</u>	\$ <u>614491</u>	\$ <u>2,3021,903</u>
Undepreciated Book Balances ³⁶	\$ 225	\$ 1	\$ 226
Executive Incentive Compensation ^{37, 38}	\$ 1	\$ 0	\$ 1
Records Search ³⁹	-	-	-
Total	\$ <u>1,9141,638</u>	\$ <u>615492</u>	\$ <u>2,5292,130</u>

These post-1955 costs have ~~not~~ been included in the total project costs for review but have not been included for and recovery in this proceeding rates. In other words, the costs presented for review for each project in this proceeding include the amount of the (post-1955) have already been reduced by the amount of the disallowances calculated by Applicants but are excluded from the revenue requirement and rate calculations.

On a combined basis (i.e., in A.14-12-016, A.16-09-005, and this proceeding), SoCalGas and SDG&E have acknowledged disallowances totaling approximately ~~\$27.1~~26.7 million to date.

³³ D.14-06-007; D.15-12-020.

³⁴ The costs were removed from the utilities' applicable regulatory accounts in the balances presented in Chapter III (Phillips).

³⁵ D.14-06-007 at 56-57 (COL 13 and 14); *see also* D.15-12-020 at 23 (OP 1).

³⁶ D.14-06-007 at 57 (COL 15); *see also* D.15-12-020 at 24 (COL 10).

³⁷ D.14-06-007 at 38.

³⁸ SoCalGas and SDG&E include \$4,422 of executive compensation for review and recovery in this Application. To comply with D.14-06-007, SoCalGas and SDG&E have acknowledged a disallowance of the executive incentive compensation component of that amount of \$614 and \$426, respectively. These amounts round to \$1 and \$0 in Table 3.

³⁹ D.14-06-007 at 39.

A. Post-1955 Hydrotest Projects without Sufficient⁴⁰ Record of a Pressure Test.

To calculate the disallowance for applicable hydrotest projects presented in this Application, SoCalGas and SDG&E identified the pipeline mileage associated with post-1955 pipe without sufficient record of a pressure test. ~~Based on this mileage, SoCalGas and SDG&E deducted a disallowance from the total project costs. Specifically,~~ SoCalGas and SDG&E calculate the percentage of pipe mileage in the project without sufficient record of a pressure test and then use that percentage to calculate the portion of costs subject to disallowance.

Where incidental mileage was included solely to facilitate the constructability of post-1955 hydrotest projects without sufficient record of a pressure test, SoCalGas and SDG&E include that entire mileage in calculating the disallowance. Where accelerated mileage was included with a post-1955 hydrotest project without sufficient record of a pressure test, the costs associated with that accelerated mileage are included for review and recovery because that portion would have to be addressed as part of a later phase of PSEP regardless. Accelerated mileage includes Phase 1B mileage (pre-1946, non-piggable pipe) and Phase 2 mileage.⁴¹

B. Post-1955 Replacement Projects without Sufficient Record of a Pressure Test.

To calculate the disallowance for applicable replacement projects presented in this Application, SoCalGas and SDG&E identified the pipeline mileage associated with post-1955 pipe without sufficient record of a pressure test. Based on the mileage of post-1955 pipe without sufficient record of a pressure test, SoCalGas and SDG&E calculated a disallowance using

⁴⁰ For the purpose of determining a disallowance, “sufficient” means the records provide the minimum information to demonstrate consistency with then-applicable industry standards on strength testing and recordkeeping or compliance with then-applicable regulatory strength testing and recordkeeping requirements.

⁴¹ As discussed in Chapter III (Phillips), Phase 2B mileage associated with projects presented in this proceeding was accelerated only for constructability and cost savings reasons.

SoCalGas and SDG&E's average cost of pressure testing.⁴² Specifically, as required under D.14-06-007, SoCalGas and SDG&E calculated a system-average cost to pressure test (as of ~~June 2017~~April 30, 2018,⁴³ this was \$2.42.1 million per mile) and multiplied that number by the length of pipe subject to disallowance. The resultant amount is acknowledged as a disallowance. In this way, a disallowance is assessed, but customers bear the revenue requirement of the net replacement costs as they "benefit from having a new safe and reliable pipeline," as required under D.14-06-007.⁴⁴

For replacement projects, SoCalGas and SDG&E do not include incidental and accelerated mileage in determining the capital disallowance because the accelerated mileage otherwise would need to be addressed as part of a later phase of PSEP, and the incidental mileage has record of a pressure test. In addition, SoCalGas and SDG&E absorb the undepreciated book value for the entirety of the project. In other words, customers have the benefit of a new pipe, and the costs associated with the remaining book value of the incidental and accelerated pipe are borne by shareholders.

C. Undepreciated Book Value for Post-1955 Replacement or Abandonment Projects without Sufficient Record of a Pressure Test.

For replacement and abandonment projects without sufficient record of a pressure test and with remaining book value, SoCalGas and SDG&E acknowledge a reduction to ratebase in an amount equal to the undepreciated book value of the replaced or abandoned pipe.

⁴² D.14-06-007 at 34-35 ("Where replacement of the pipeline is planned rather than test existing pipelines, the system average cost of actual pressure testing should be an offset against the replacement costs of the pipelines for revenue requirement purposes.") D.14-06-007 at 57 (COL 14); D.15-12-020 at 23 (OP 1) ("where such pipeline segment is replaced rather than pressure tested, the utility must absorb an amount equal to the average cost of pressure testing a similar segment").

⁴³ ~~This date was selected as the cut-off for calculating the system average cost of pressure testing as the vast majority of projects in this Application were completed by that date.~~

⁴⁴ D.14-06-007 at 36.

D. PSEP Executive Incentive Compensation.

As explained in testimony, SoCalGas and SDG&E management maintain oversight of PSEP. As directed by the Commission and explained further in Chapter III (Phillips), SoCalGas and SDG&E do not seek to recover executive incentive compensation costs in this Application.

E. Costs Associated with Searching for Test Records of Pipeline Testing.

As described in prior filings, SoCalGas and SDG&E tracked costs associated with their search for pressure test records. The initial record search costs were deducted as disallowances in previous PSEP reasonableness review proceedings A.14-12-016 and A.16-09-005. SoCalGas and SDG&E did not incur records search costs beyond those included in prior filings; thus, there are no additional records search disallowances acknowledged in this Application.

VI. REVENUE REQUIREMENT

As described in Chapter III (Phillips), Chapter IV (Mejia), and Chapter VIII (Cayabyab), SoCalGas and SDG&E present \$854.0 million in capital expenditures and \$86.7 million in O&M expenditures recorded as of April 2018 for review.⁴⁵ These expenditures form the basis of the revenue requirements requested to be authorized in this Application, reduced by the amounts previously recovered through the fifty-percent interim recovery mechanism authorized in D.16-08-003 and incorporated in rates through April 2018. Because the revenue requirement requested in this Application will change by the time a decision is rendered (based on the authorized interim recovery), Applicants propose to file Tier 1 Advice Letters within thirty days of the effective date of the decision in this proceeding to incorporate the updated revenue requirements into rates.⁴⁶

⁴⁵ Costs were further adjusted by disallowances identified after the April 2018 cut-off date and reflected in the PSEP balancing accounts in subsequent months. *See* Chapter IX (Reyes) for additional discussion.

⁴⁶ *See* Chapter IX (Reyes) for additional discussion.

The PSEP revenue requirements, as recorded in the SEEBAs, SECCBAs and PSRMAs, and requested for recovery in rates, total \$188.3 million for SoCalGas and \$22.9 million for SDG&E.⁴⁷ These costs are fully loaded and include O&M, capital-related costs,⁴⁸ regulatory account interest, and costs associated with supporting the PSEP organization and PSEP project execution, including General Management and Administration (“GMA”) costs as described in the Chapter VI (Tran), incremental company overheads as described in Chapter VII (Moersen), and actual planning and engineering design costs incurred to date as described in Chapter III (Phillips) and Chapter IV (Mejia).

These revenue requirements, adjusted to reflect any additional amounts recovered through the fifty-percent interim cost recovery mechanism, will be allocated to functional areas and amortized over a 12-month period, as discussed below and in Chapter X (Schmidt-Pines). The ongoing capital-related revenue requirements, associated with reasonably incurred capital expenditures reviewed in this proceeding, will continue to be recorded in SoCalGas’ and SDG&E’s SECCBAs. Once the costs incurred to complete the projects submitted for review in this Application are found to be reasonable by the Commission, SoCalGas and SDG&E propose to continue filing Tier 2 Advice Letters each year to incorporate future revenue requirements into rates until such costs are incorporated in base rates in connection with SoCalGas’ and SDG&E’s subsequent general rate case proceedings. In other words, to the extent the costs associated with the PSEP projects presented in this Application are found reasonable, the remaining capital-related revenue requirement will be fully recovered and no longer subject to the fifty-percent interim rate recovery mechanism.

⁴⁷ The revenue requirements are adjusted for certain overhead exclusions, and the SEEBAs, SECCBAs, and PSRMA balances exclude disallowed costs discussed in Chapters III (Phillips) and IV (Mejia).

⁴⁸ Capital-related costs include depreciation, taxes and return associated with the cost of the PSEP assets.

Table 4 below illustrates the PSEP revenue requirements presented for recovery in this Application.

**Table 4 – PSEP Revenue Requirements
Excluding FF&U - Costs in \$000s**

	<u>SoCalGas</u>	<u>SDG&E</u>	<u>Total</u>
<u>O&M Costs:</u>			
Completed Projects	67,965	6,576	74,541
Descope Projects	731		731
Post Completion Adjustments	7,359	363	7,721
PSRMA PSEP Insurance	1,656		1,656
Subtotal - O&M Costs	77,711	6,939	84,650
Revenue – 50% Interim Recovery	(33,364)	(4,514)	(37,878)
Regulatory Account Interest ⁴⁹	995	103	1,098
Subtotal - O&M RR	45,342	2,527	47,870
<u>Capital-Related Costs:</u>			
Completed Projects	166,635	23,823	190,458
Post Completion Adjustments	(8)	(14)	(22)
PSRMA PSEP Insurance	167		167
Subtotal - Capital-Related Costs	166,795	23,809	190,604
Revenue – 50% Interim Recovery	(25,602)	(3,656)	(29,258)
Regulatory Account Interest ⁵	1,781	251	2,032
Subtotal - Capital-Related RR	142,974	20,404	163,378
Total Revenue Requirement	188,317	22,931	211,248

* Values may not sum to total due to rounding.

VII. REVENUE REQUIREMENT ALLOCATION

Per D.14-06-007, PSEP costs are allocated consistent with the existing cost allocation and rate design for SoCalGas and SDG&E and include allocation to the backbone function.⁵⁰

Decision 16-12-063 clarified that the PSEP costs functionalized as high pressure distribution

⁴⁹ The SEEBAs, SECCBAs, and PSRMAs are interest-bearing accounts which record interest at the three-month commercial paper rate, pursuant to the utilities' Preliminary Statement approved by SoCalGas Advice No. 4359 and modified in SoCalGas Advice No. 4664, and SDG&E Advice Letter 2106-G and modified in SDG&E Advice Letter 2300-G.

⁵⁰ D.14-06-007 established the allocation of PSEP-related costs. D.14-06-007 at 50 (OP 9) ("Safety Enhancement costs will be allocated consistent with the existing cost allocation and rate design for the companies."). In addition, D.14-06-007 ordered allocation of relevant costs to backbone transmission service. D.14-06-007 at 50.

shall be allocated using the existing marginal demand measures for high pressure distribution costs.⁵¹ As such, SoCalGas and SDG&E propose to continue to allocate the PSEP revenue requirement on a functional basis consistent with D.16-12-063 as follows:

Table 5
Revenue Requirement Allocated to Functions in \$000s

Function	SoCalGas	SDG&E	Total
Backbone Transmission	\$40,146	\$1,268	\$41,414
Local Transmission	\$29,509	\$4,409	\$33,919
High Pressure Distribution	\$114,252	\$21,664	\$135,915
Total \$000s	\$183,907	\$27,341	\$211,248

The costs will be amortized in transportation rates over a 12-month period, as discussed further in Chapter IX (Reyes), commencing January 1 the year following the Commission’s decision on this Application.⁵² As discussed above, Applicants propose to implement rates by filing advice letters.⁵³ The illustrative rate impacts are as follows:

⁵¹ D.16-12-063 at 59 (COL 24).

⁵² As stated in the testimony of Mr. Reyes (Chapter IX), in the event the Application is approved in the fourth quarter of a year, the rate change will be amortized over the remainder of the year and the entirety of the following year.

⁵³ Once the Commission authorizes SoCalGas and SDG&E to collect in rates the remaining unrecovered revenue requirements associated with the projects presented for review in this Application, SoCalGas and SDG&E will file Tier 1 Advice Letters within 30 days of the effective date of the decision authorizing recovery. The advice letters will serve to update the revenue requirements authorized by the Commission for such items as: (1) regulatory account interest; (2) the ongoing capital-related revenue requirements associated with approved PSEP capital projects that were recorded to the SECCBAs subsequent to April 2018 through the date that rates are adjusted; and (3) a reduction for previously authorized interim cost recovery incorporated in current rates subsequent to April 2018 and any future interim cost recovery approved and incorporated in the following year’s rates pursuant to D.16-08-003. SoCalGas and SDG&E will then incorporate the updated revenue requirements into rates on the first day of the next month following advice letter approval or in connection with other authorized rate changes implemented by SoCalGas and SDG&E. Should Commission approval be obtained during Q4, SoCalGas and SDG&E propose to update revenue requirements through December of the approval year and the subsequent year for the ongoing capital-related revenue requirements associated with these approved PSEP capital projects. These updated revenue requirements would be incorporated in rates effective January 1 of the following year.

Table 6
Illustrative Transportation Rates
\$/therm except as noted

Transportation	11/1/2018 Rates	Proposed Rates	Increase (decrease)	% change
<u>SoCalGas Summary</u>				
Core Rates				
Residential	\$0.758	\$0.794	\$0.036	4.7%
Residential class average bill \$/month	\$40.04	\$41.35	\$1.31	3.3%
Core C&I	\$0.328	\$0.353	\$0.025	7.5%
NGV (uncompressed)	\$0.114	\$0.128	\$0.014	12.5%
NonCore Distribution Level Service Rates				
C&I Rate	\$0.078	\$0.095	\$0.017	21.9%
Electric Generation Tier 1	\$0.128	\$0.146	\$0.018	13.7%
Electric Generation Tier 2	\$0.056	\$0.074	\$0.017	30.6%
NonCore Transmission Level Service Rates				
C&I Rate (w/ csitma & CARB Fee adders)	\$0.025	\$0.027	\$0.003	11.7%
Electric Generation Rate (w/CARB Fee)	\$0.022	\$0.024	\$0.003	13.3%
Backbone Transmission Service \$/dth/day	\$0.264	\$0.306	\$0.043	16.3%
Revenue Requirement \$ millions	\$2,668	\$2,854	\$186	7.0%
CARB Fee Credit \$/therm	(\$0.0010)	(\$0.0010)	\$0.0000	0.0%
<u>SDG&E Summary</u>				
Core Rates				
Residential	\$0.920	\$0.973	\$0.053	5.8%
Residential class average bill \$/month	\$30.84	\$32.13	\$1.29	4.2%
Core C&I	\$0.279	\$0.308	\$0.029	10.6%
NGV (uncompressed)	\$0.115	\$0.129	\$0.014	12.5%
NonCore Distribution Level Service Rates				
C&I Rate	\$0.117	\$0.135	\$0.018	15.2%
Electric Generation Tier 1	\$0.129	\$0.146	\$0.018	13.7%
Electric Generation Tier 2	\$0.057	\$0.074	\$0.017	30.8%
NonCore Transmission Level Service Rates				
C&I Rate (w/ csitma & CARB Fee adders)	\$0.025	\$0.028	\$0.003	11.7%
Electric Generation Rate (w/CARB Fee)	\$0.021	\$0.024	\$0.003	13.5%
Revenue Requirement \$ millions	\$371	\$397	\$27	7.2%
CARB Fee Credit \$/therm	(\$0.001)	(\$0.001)	\$0.000	0.0%

VIII. DESCRIPTION OF TESTIMONY

Support for Applicants’ requests is provided in the accompanying prepared direct testimony and workpapers. The direct testimony describes Applicants’ PSEP efforts and provides detail on program management and implementation and execution of projects, and demonstrates that the revenue requirements correlated to Applicants’ efforts are just and reasonable and should be recovered in rates. The table below lists each direct testimony chapter number, identifies each sponsoring witness, and provides a brief description of the testimony.

**Table 7
Description of Testimony**

Chapter	Witness	Description and Purpose
I	Buczowski	<u>Policy</u> : Reaffirms Applicants’ commitment to enhancing the safety of the SoCalGas and SDG&E natural gas system promptly and expeditiously in accordance with Commission and State mandates; provides an overview of prudent and reasonable implementation of this work.
II	Phillips	<u>Execution</u> : Provides a background of PSEP; describes the structure of the PSEP organization and how it lends to prudent management of projects; discusses how the PSEP team efficiently initiated and executed projects to mitigate the impacts of obstacles encountered, and other ways SoCalGas and SDG&E manage costs for the benefit of customers.
III	Phillips	<u>Pipeline Projects and Other Costs</u> : Demonstrates SoCalGas and SDG&E’s prudent execution of the 44 pipeline projects and the reasonableness of the capital and O&M expenditures and other costs incurred to execute PSEP; explains project cost components, the Decision Tree, disallowed costs, and a reconciliation of the “as filed” mileage as compared to executed mileage.
IV	Mejia	<u>Valve Enhancement Plan</u> : Gives an overview of the SoCalGas and SDG&E Valve Enhancement Plan; demonstrates SoCalGas and SDG&E’s prudent execution of valve projects and the reasonableness of the capital expenditures for the 39 bundled valve projects included for review in this Application.

Chapter	Witness	Description and Purpose
V	Mejia	<u>Project Support</u> : Describes and demonstrates the reasonableness of SoCalGas and SDG&E’s PSEP project support activities and costs; how these efforts avoided costs for customers, maximized the effectiveness of safety investments, improved organizational and project execution efficiency, and provided consistency in the implementation of PSEP projects; explains General Management and Administration (GMA) internal orders (IOs) used to track costs for allocation to PSEP projects.
VI	Tran	<u>General Management and Administration</u> : Explains the reasonableness of the PSEP GMA framework, cost tracking, and allocation methodology; discusses how the GMA framework tracks program-wide support costs in a transparent manner; explains how GMA costs are reasonably incurred to support PSEP execution, and were appropriately tracked, monitored, and allocated to individual PSEP projects.
VII	Moersen	<u>Overheads</u> : Explains the allocation of company overheads to PSEP projects, including summarizing the accounting and allocation processes related to PSEP-specific insurance coverage.
VIII	Cayabyab	<u>Insurance</u> : Explains the prudence of the Owner Controlled Insurance Program (OCIP) procurement and reasonableness of OCIP costs; discusses insurance cost allocations between SoCalGas and SDG&E.
IX	Reyes	<u>Revenue Requirement</u> : Discusses the revenue requirements associated with the PSEP projects and costs presented for review in this Application that are recorded in SoCalGas and SDG&E’s SEEBAs, SECCBAs, and PSRMAs.
X	Schmidt-Pines	<u>Rate Impact</u> : Details rate impacts that would result from the amortization of the balances recorded in the SoCalGas and SDG&E SEEBAs, SECCBAs, and PSRMAs.

IX. STATUTORY AND PROCEDURAL REQUIREMENTS⁵⁴

A. Rule 2.1(a) – (c)

This Application is made pursuant to Sections 451, 454, 489, 491, 701, 728, 729, 957, and 958 of the Public Utilities Code of the State of California, the Commission’s Rules of

⁵⁴ Applicable updates are provided herein. Many of these items were addressed in the Assigned Commissioner’s Scoping Memo and Ruling dated February 14, 2019.

Practice and Procedure, and relevant decisions, orders, and resolutions of the Commission. In accordance with Rule 2.1(a) - (c) of the Commission's Rules of Practice and Procedure, SoCalGas and SDG&E provide the following information.

1. Rule 2.1(a) – Legal Name

SoCalGas is a public utility corporation organized and existing under the laws of the State of California. SoCalGas' principal place of business and mailing address is 555 West Fifth Street, Los Angeles, California, 90013.

SDG&E is a public utility corporation organized and existing under the laws of the State of California. SDG&E is engaged in the business of providing electric service in a portion of Orange County and electric and gas service in San Diego County. SDG&E's principal place of business is 8330 Century Park Court, San Diego, California, 92123.

2. Rule 2.1(b) – Correspondence

All correspondence and communications to SoCalGas and SDG&E regarding this Application should be addressed to:

DIANA ALCALA

Regulatory Case Manager for:

SOUTHERN CALIFORNIA GAS COMPANY

SAN DIEGO GAS & ELECTRIC COMPANY

555 West Fifth Street, GT-14D6

Los Angeles, California 90013

Telephone: (213) 244-3754

Facsimile: (213) 244-4957

E-mail: DAlcala@semprautilities.com

A copy should also be sent to:

AVISHA A. PATEL

Attorney (and Party) for:

**SOUTHERN CALIFORNIA GAS COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY**

555 West Fifth Street, GT-14E7

Los Angeles, California 90013

Telephone: (213) 244-2954

Facsimile: (213) 629-9620

E-mail: APatel@semprautilities.com

3. Rule 2.1(c)

a. Proposed Category of Proceeding

SoCalGas and SDG&E propose that this proceeding be categorized as “Ratesetting” under Rule 1.3(e) because the Application will have a potential future effect on SoCalGas and SDG&E’s rates.

b. Need for Hearings

SoCalGas and SDG&E anticipate that evidentiary hearings will be necessary.

c. Issues to be Considered and Relevant Safety Considerations

The principal issue to be considered in this proceeding is whether the costs incurred in executing the PSEP projects presented in this Application are reasonable, and thus the associated revenue requirements should be recovered in rates.

PSEP is safety driven. This Application seeks review of costs associated with completed PSEP work and rate recovery thereof, and thus could impact future safety enhancement work if the Commission issues guidance on future PSEP work and activities.

d. Proposed Schedule

~~SoCalGas and SDG&E propose the following~~ In the Assigned Commissioner’s Scoping Memo and Ruling dated February 14, 2019, the Commissioner set the following schedule for this Application:

EVENT	DATE
Application	11/13/2018
Responses/Protests	12/13/2018
SoCalGas/SDG&E Reply Responses/Protests	12/24/2018
Prehearing Conference	02/04/2019 <u>01/16/2019</u>
Intervenor Testimony	06/03/2019
Rebuttal Testimony	07/11/2019 <u>10/20/2019</u>
Evidentiary Hearings	Aug-Sept <u>November</u> <u>12-14</u> 2019
Opening Briefs	Nov 2019 <u>12/16/2019</u>
Reply Briefs	Nov 2019 <u>01/16/2020</u>
Proposed Decision	Feb <u>April</u> 2020
Commission Decision	Mar <u>June</u> 2020

B. Rule 2.2 – Articles of Incorporation

A copy of SoCalGas’ Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on October 1, 1998, in connection with A.98-10-012, and is incorporated herein by reference.

A copy of SDG&E’s Restated Articles of Incorporation as last amended, presently in effect and certified by the California Secretary of State, was filed with the Commission on September 10, 2014 in connection with SDG&E’s Application No. 14-09-008, and is incorporated herein by reference.

C. Rule 3.2(a) – (d)

In accordance with Rule 3.2 (a) - (d) of the Commission's Rules of Practice and Procedure, SoCalGas and SDG&E provide the following information.

1. Rule 3.2(a)(1) – Balance Sheet and Income Statement

The most recent updated Balance Sheet and Income Statements for SoCalGas and SDG&E are attached to this Application as Attachment A and Attachment B, respectively.

2. Rule 3.2(a)(2) and (3) – Statement of Present and Proposed Rates

The rate changes that will result from this Application are described in Attachment C and Attachment D for SoCalGas and SDG&E, respectively.

3. Rule 3.2(a)(4) – Description of Applicants' Property and Equipment

A general description of SoCalGas' property and equipment was previously filed with the Commission on May 3, 2004 in connection with SoCalGas' Application 04-05-008, and is incorporated herein by reference. A statement of Original Cost and Depreciation Reserve as of, ~~June~~ September 30, 2018 is attached as Attachment E.

A general description of SDG&E's property and equipment was filed with the Commission on October 5, 2001, in connection with Application 01-10-005, and is incorporated herein by reference. A statement of Original Cost and Depreciation Reserve as of ~~June~~ September 30, 2018 is attached as Attachment F.

4. Rule 3.2(a)(5) and (6) – Summary of Earnings

The summary of earnings for SoCalGas and SDG&E are included herein as Attachment G and Attachment H.

5. Rule 3.2(a)(7) – Depreciation

For financial statement purposes, depreciation of utility plant has been computed on a straight-line remaining life basis at rates based on the estimated useful lives of plant properties. For federal income tax accrual purposes, SoCalGas and SDG&E generally compute depreciation using the straight-line method for tax property additions prior to 1954, and liberalized depreciation, which includes Class Life and Asset Depreciation Range Systems, on tax property additions after 1954 and prior to 1981. For financial reporting and rate-fixing purposes, “flow through accounting” has been adopted for such properties. For tax property additions in years 1981 through 1986, SoCalGas and SDG&E have computed their tax depreciation using the Accelerated Cost Recovery System. For years after 1986, SoCalGas and SDG&E have computed their tax depreciation using the Modified Accelerated Cost Recovery Systems and, since 1982, have normalized the effects of the depreciation differences in accordance with the Economic Recovery Tax Act of 1981, the Tax Reform Act of 1986, and the Tax Cuts and Jobs Act of 2017.

6. Rule 3.2(a)(8) – Proxy Statement

A copy of SoCalGas’ most recent proxy statement, dated April 26, 2018, was mailed to the Commission on April 27, 2018, and is incorporated herein by reference.

A copy of most recent proxy statement sent to all shareholders of SDG&E’s parent company, Sempra Energy, dated March 23, 2018, was mailed to the Commission on May 9, 2018, and is incorporated herein by reference.

7. Rule 3.2(a)(10) – Statement re Pass Through to Customers

This Application will seek the Commission’s authorization to revise SoCalGas and SDG&E’s current base rate revenue requirement to recover their costs of their operations, as well as owning and operating their natural gas facilities and infrastructure, for the purposes of serving their customers. It is not only a pass through of costs.

8. Rule 3.2(b) – Notice to State, Cities and Counties

~~SoCalGas and SDG&E will, w~~Within twenty days ~~after the~~of filing ~~the original this~~the original this Application, ~~SoCalGas and SDG&E~~mailed a notice ~~regarding the original application~~regarding the original application to the State of California and to the cities and counties in its service territory and all parties to A.15-06-013 (SoCalGas and SDG&E’s Phase 2 PSEP proceeding), A.14-12-016 (SoCalGas and SDG&E’s PSRMA proceeding), A.16-09-005 (SoCalGas and SDG&E’s 2016 Reasonableness Review Application), A.17-03-021 (SoCalGas and SDG&E’s 2017 Forecast Application), and A.11-11-002 (SoCalGas and SDG&E’s 2011 TCAP/PSEP proceeding).

9. Rule 3.2(c) – Newspaper Publication

~~SoCalGas and SDG&E will, w~~Within twenty days ~~after the~~of filing ~~of this A~~the original application, ~~SoCalGas and SDG&E~~published ~~notice of the original application~~notice of the original application in newspapers of general circulation in each county in their service territory ~~notice of this Application~~.

10. Rule 3.2(d) – Bill Insert Notice

~~SoCalGas and SDG&E will, w~~Within forty-five days ~~after the~~of filing ~~of this A~~the ~~original~~original application, ~~SoCalGas and SDG&E~~provided notice of ~~this A~~e original application to their customers along with the regular bills sent to those customers that ~~will~~generally described the proposed rate changes addressed in ~~the~~is aApplication. ~~This Amended Application does not~~This Amended Application does not ~~necessitate resending those bill notices~~necessitate resending those bill notices.

X. CONCLUSION

Through PSEP, SoCalGas and SDG&E continue to make prudent investments for the benefit of customers to enhance the safety and reliability of their integrated natural gas transmission system. To allow recovery in rates of these prudent investments, and for the reasons described above, and in the testimony and workpapers supporting this Application, SoCalGas and SDG&E respectfully request that the Commission:

- Find SoCalGas and SDG&E have met their burden of demonstrating they acted as reasonable managers and prudently implemented and executed PSEP;
- Find the PSEP project execution and program support activities described in this Application were prudently undertaken to implement PSEP;
- Find the PSEP GMAs a reasonable and prudent means to allocate PSEP project and program support costs to PSEP projects;
- Find the PSEP insurance was reasonably and prudently obtained and provided value to customers and other stakeholders;
- Find that SoCalGas and SDG&E appropriately applied overhead costs to the PSEP projects presented in this Application;
- Find SoCalGas and SDG&E have demonstrated the reasonableness of the costs incurred to execute the 83 PSEP safety-enhancement projects presented in this Application;
- Find SoCalGas and SDG&E correctly calculated PSEP disallowances;
- Authorize SoCalGas and SDG&E to recover in rates the outstanding revenue requirements associated with the projects and program management costs submitted for review in this Application;

- Find SoCalGas and SDG&E correctly allocated PSEP revenue requirements by functional area;
- Authorize SoCalGas and SDG&E to file Tier 1 Advice Letters within 30 days of the effective date of the decision authorizing recovery in rates of the updated revenue requirements associated with PSEP costs determined to be reasonable by the Commission, including any reduction for currently authorized interim cost recovery in 2018 and any other interim cost recovery authorized in subsequent years pursuant to Decision 16-08-003, on the first day of the following month or in connection with other SoCalGas and SDG&E rate changes;
- Authorize SoCalGas and SDG&E to recover ongoing capital-related revenue requirements associated with capital expenditures deemed reasonable in this proceeding through a Tier 2 Advice Letter until such costs are incorporated in base rates in connection with the SoCalGas' and SDG&E's subsequent general rate cases; and

- Provide such other and further ratemaking relief relating to PSEP as the Commission deems necessary or appropriate.

Respectfully submitted,

By: /s/ Rodger R. Schwecke
 RODGER SCHWECKE

Senior Vice President – ~~Gas Transmission, Storage, & Engineering~~ Gas Operations and Construction for:

**SOUTHERN CALIFORNIA GAS COMPANY
 SAN DIEGO GAS & ELECTRIC COMPANY**

By: /s/ Avisha A. Patel
 AVISHA A. PATEL

AVISHA A. PATEL

Attorney for:

**SOUTHERN CALIFORNIA GAS COMPANY
 SAN DIEGO GAS & ELECTRIC COMPANY**
 555 West Fifth Street, GT-14E7
 Los Angeles, California 90013
 Telephone: (213) 244-2954
 Facsimile: (213) 629-9620
 E-mail: APatel@semprautilities.com

~~November 13, 2018~~ April 2, 2019

OFFICER VERIFICATION

I am an officer of Southern California Gas Company and San Diego Gas & Electric Company and am authorized to make this verification on their behalf. The matters stated in the foregoing Application are true to my own knowledge, except as to matters that are stated therein on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this ~~13th~~^{2nd} day of ~~November~~April, 201~~9~~8, at Los Angeles, California.

By: /s/ Rodger R. Schwecke
Rodger Schwecke

Senior Vice President – ~~Gas Transmission, Storage & Engineering~~Gas Operations and Construction for:

**SOUTHERN CALIFORNIA GAS COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY**

ATTACHMENT B

ATTACHMENT B

Document Type	Chapter/Volume/Page #	Other	Prior Text	Amended Text																																																																																
Testimony	Ch 2, 3 and 10	Cover Page	A.18-11-XXX Direct Testimony	A.18-11-XXX010 Amended Direct Testimony (Amended April 2, 2019)																																																																																
Testimony	Ch 2/p 15	Line 12	SoCalGas and SDG&E apply sound engineering judgement	SoCalGas and SDG&E apply sound engineering judgement																																																																																
Testimony	Ch 2/p 21	Footnote 36	Bureau of Labor Statistics data for 2016, publicly available at https://www.bls.gov/iif/oshsum.htm#16Summary_Tables	Bureau of Labor Statistics data for 2016, publicly available at https://www.bls.gov/iif/oshsum.htm#16Summary_Tables . 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 .																																																																																
Testimony	Ch 2/p 38	Footnote 49	See Chapter VIII (Tran).	See Chapter VIH (Tran).																																																																																
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Electric Generation Tier 2	\$0.025	\$0.028	\$0.003	11.7%																																																																																
	C&I Rate	\$0.129-17	\$0.146-35	\$0.018	13.715-2%																																																																															
Electric Generation Tier 1	\$0.057	\$0.074	\$0.017-18	30.813-7%																																																																																
Electric Generation Tier 2	\$0.025-57	\$0.028-74	\$0.00317	11.730-8%																																																																																
Application	Cover Page		A.18-11-XXX Application November 13, 2018	A.18-11-XXX010 Amended Application November 13, 2018-April 2, 2019																																																																																
Application	1	Introduction	...respectfully submit this Application requesting review of cost incurred to implement their Pipeline Safety Enhancement Plan ("PSEP").	...respectfully submit this Amended Application ("Application") requesting review of cost incurred to implement their Pipeline Safety Enhancement Plan ("PSEP").																																																																																
Application	1	Footnote 1		Footnote 1: The updates in this Amended Application change the revenue requirement minimally. Consistent with our practice, and the request in the original Application and herein, Applicants will update the revenue requirements for SoCalGas and SDG&E upon a Commission decision in this proceeding for implementation in rates.																																																																																

ATTACHMENT B

Document Type	Chapter/ Volume/Page #	Other	Prior Text	Amended Text																																																
Application	13	Table 3	<table border="1"> <thead> <tr> <th>Disallowance Type</th> <th>SoCalGas</th> <th>SDG&E</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Post-1955 PSEP Costs³⁴</td> <td>\$ 1,688</td> <td>\$ 614</td> <td>\$ 2,302</td> </tr> <tr> <td>Undepreciated Book Balances³⁵</td> <td>\$ 225</td> <td>\$ 1</td> <td>\$ 226</td> </tr> <tr> <td>Executive Incentive Compensation^{36, 37}</td> <td>\$ 1</td> <td>\$ 0</td> <td>\$ 1</td> </tr> <tr> <td>Records Search³⁸</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>\$ 1,914</td> <td>\$ 615</td> <td>\$ 2,529</td> </tr> </tbody> </table>	Disallowance Type	SoCalGas	SDG&E	Total	Post-1955 PSEP Costs ³⁴	\$ 1,688	\$ 614	\$ 2,302	Undepreciated Book Balances ³⁵	\$ 225	\$ 1	\$ 226	Executive Incentive Compensation ^{36, 37}	\$ 1	\$ 0	\$ 1	Records Search ³⁸	-	-	-	Total	\$ 1,914	\$ 615	\$ 2,529	<table border="1"> <thead> <tr> <th>Disallowance Type</th> <th>SoCalGas</th> <th>SDG&E</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Post-1955 PSEP Costs³⁵</td> <td>\$ 1,688,412</td> <td>\$ 614,491</td> <td>\$ 2,302,903</td> </tr> <tr> <td>Undepreciated Book Balances³⁶</td> <td>\$ 225</td> <td>\$ 1</td> <td>\$ 226</td> </tr> <tr> <td>Executive Incentive Compensation^{37, 38}</td> <td>\$ 1</td> <td>\$ 0</td> <td>\$ 1</td> </tr> <tr> <td>Records Search³⁹</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>\$ 1,914,638</td> <td>\$ 615,492</td> <td>\$ 2,529,130</td> </tr> </tbody> </table>	Disallowance Type	SoCalGas	SDG&E	Total	Post-1955 PSEP Costs ³⁵	\$ 1,688,412	\$ 614,491	\$ 2,302,903	Undepreciated Book Balances ³⁶	\$ 225	\$ 1	\$ 226	Executive Incentive Compensation ^{37, 38}	\$ 1	\$ 0	\$ 1	Records Search ³⁹	-	-	-	Total	\$ 1,914,638	\$ 615,492	\$ 2,529,130
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Application	14		On a combined basis (i.e. in A.14-12-16, A.16-09-005 and this proceeding), SoCalGas and SDG&E have acknowledged disallowances totaling approximately \$27.1 million to date.	On a combined basis (i.e. in A.14-12-16, A.16-09-005 and this proceeding), SoCalGas and SDG&E have acknowledged disallowances totaling approximately \$27.1 million to date.																																																
Application	14		Based on this mileage, SoCalGas and SDG&E deducted a disallowance from the total project costs. Specifically, SoCalGas and SDG&E calculate the the percentage	Based on this mileage, SoCalGas and SDG&E deducted a disallowance from the total project costs. Specifically, SoCalGas and SDG&E calculate the the percentage																																																
Application	15		Specifically, as required under D.14-06-007, SoCalGas and SDG&E calculated a system-average cost to pressure test (as of June 2017,[1] this was \$2.4 million per mile) and multiplied that number by the length of pipe subject to disallowance.	Specifically, as required under D.14-06-007, SoCalGas and SDG&E calculated a system-average cost to pressure test (as of June 2017 April 30, 2018,[1] this was \$2.4 2.1 million per mile) and multiplied that number by the length of pipe subject to disallowance.																																																
Application	15	Footnote 43	This date was selected as the cut-off for calculating the system-average cost of pressure testing as the vast majority of projects in this Application were completed by that date.	This date was selected as the cut-off for calculating the system-average cost of pressure testing as the vast majority of projects in this Application were completed by that date.																																																
Application	17	Footnote 47	exclude disallowed costs discussed in Chapters III (Phillips) and IV (Mejia).	exclude disallowed costs discussed in Chapters III (Phillips) and IV (Mejia).																																																
Application	22	Footnote 54		Footnote 54: Applicable updates are provided herein. Many of these items were addressed in the Assigned Commissioner's Scoping Memo and Ruling dated February 14, 2019.																																																
Application	25		SoCalGas and SDG&E propose the following schedule for this Application:	SoCalGas and SDG&E propose the following In the Assigned Commissioner's Scoping Memo and Ruling dated February 14, 2019, the Commission set the following schedule for this Application:																																																
Application	25		<table border="1"> <thead> <tr> <th>EVENT</th> <th>DATE</th> </tr> </thead> <tbody> <tr> <td>Application</td> <td>11/13/2018</td> </tr> <tr> <td>Responses/Protests</td> <td>12/13/2018</td> </tr> <tr> <td>SoCalGas/SDG&E Reply Responses/Protests</td> <td>12/24/2018</td> </tr> <tr> <td>Prehearing Conference</td> <td>02/04/2019</td> </tr> <tr> <td>Intervenor Testimony</td> <td>06/03/2019</td> </tr> <tr> <td>Rebuttal Testimony</td> <td>07/11/2019</td> </tr> <tr> <td>Evidentiary Hearings</td> <td>Aug-Sept 2019</td> </tr> <tr> <td>Opening Briefs</td> <td>Nov 2019</td> </tr> <tr> <td>Reply Briefs</td> <td>Nov 2019</td> </tr> <tr> <td>Proposed Decision</td> <td>Feb 2020</td> </tr> <tr> <td>Commission Decision</td> <td>Mar 2020</td> </tr> </tbody> </table>	EVENT	DATE	Application	11/13/2018	Responses/Protests	12/13/2018	SoCalGas/SDG&E Reply Responses/Protests	12/24/2018	Prehearing Conference	02/04/2019	Intervenor Testimony	06/03/2019	Rebuttal Testimony	07/11/2019	Evidentiary Hearings	Aug-Sept 2019	Opening Briefs	Nov 2019	Reply Briefs	Nov 2019	Proposed Decision	Feb 2020	Commission Decision	Mar 2020	<table border="1"> <thead> <tr> <th>EVENT</th> <th>DATE</th> </tr> </thead> <tbody> <tr> <td>Application</td> <td>11/13/2018</td> </tr> <tr> <td>Responses/Protests</td> <td>12/13/2018</td> </tr> <tr> <td>SoCalGas/SDG&E Reply Responses/Protests</td> <td>12/24/2018</td> </tr> <tr> <td>Prehearing Conference</td> <td>02/04/201901/16/2019</td> </tr> <tr> <td>Intervenor Testimony</td> <td>06/03/2019</td> </tr> <tr> <td>Rebuttal Testimony</td> <td>07/11/201910/20/2019</td> </tr> <tr> <td>Evidentiary Hearings</td> <td>Aug-SeptNovember 12-14 2019</td> </tr> <tr> <td>Opening Briefs</td> <td>Nov-201912/16/2019</td> </tr> <tr> <td>Reply Briefs</td> <td>Nov-201901/16/2020</td> </tr> <tr> <td>Proposed Decision</td> <td>Feb-April 2020</td> </tr> <tr> <td>Commission Decision</td> <td>Mar-June 2020</td> </tr> </tbody> </table>	EVENT	DATE	Application	11/13/2018	Responses/Protests	12/13/2018	SoCalGas/SDG&E Reply Responses/Protests	12/24/2018	Prehearing Conference	02/04/201901/16/2019	Intervenor Testimony	06/03/2019	Rebuttal Testimony	07/11/201910/20/2019	Evidentiary Hearings	Aug-SeptNovember 12-14 2019	Opening Briefs	Nov-201912/16/2019	Reply Briefs	Nov-201901/16/2020	Proposed Decision	Feb-April 2020	Commission Decision	Mar-June 2020
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Application	26		A statement of Original Cost and Depreciation Reserve as of, June September 30, 2018 is attached as Attachment E.	A statement of Original Cost and Depreciation Reserve as of, June September 30, 2018 is attached as Attachment E.																																																
Application	26		A statement of Original Cost and Depreciation Reserve as of June September 30, 2018 is attached as Attachment F.	A statement of Original Cost and Depreciation Reserve as of June September 30, 2018 is attached as Attachment F.																																																
Application	28		SoCalGas and SDG&E will, within twenty days after the filing this Application, mail a notice to the State of California and to the cities and counties...	SoCalGas and SDG&E will, within twenty days after the of filing this the original Application, SoCalGas and SDG&E mailed a notice regarding the original application to the State of California and to the cities and counties..																																																
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Application	28		SoCalGas and SDG&E will, within forty-five days after the filing of this Application, provide notice of this Application to their customers that will generally describe the proposed rate changes addressed in this Application.	SoCalGas and SDG&E will, within twenty days after the of filing this the original Application, SoCalGas and SDG&E provided notice of their original Application to their customers that will generally described the proposed rate changes addressed in the Application. This Amended Application does not necessitate resending those bill notices.																																																
Application	31 and 32		Rodger Schwecke. Senior Vice President – Gas Transmission, Storage & Engineering for: November 13, 2018	Rodger R. Schwecke. Senior Vice President – Gas Transmission, Storage & Engineering Gas Operations and Construction for: November 13, 2018 April 2, 2019																																																
Workpapers	Vol 1/WP-Intro-4	Footnote 3	Add description of Category 4 and Criteria here (use from glossary)	Add description of Category 4 and Criteria her (use from glossary) Category 4 Criteria mileage consists of segments that lack sufficient documentation of a post-construction strength test to at least 1.25 times the MAOP and are located in a Class 3 & 4 location and Class 1 & 2 High Consequence Area (HCA).																																																

ATTACHMENT B

Document Type	Chapter/ Volume/Page #	Other	Prior Text	Amended Text
Workpapers	Vol 1/WP-Intro-15		additional means of avoiding costs.	additional means of avoiding costs.
Workpapers	Vol 1/A-2	Table 1	Disallowance (Capital) \$59,150	Disallowance (Capital) \$59,150 \$0
Workpapers	Vol 1/A-5	Figure 3		Map updated
Workpapers	Vol 1/A-8	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol 1/A-8	Footnote 3		Footnote 3: Accelerated mileage includes Phase 2B pipe. Phase 2B includes pipelines without record of a pressure test to modern – Subpart J – standards (Phase 2B). The Accelerated mileage was included to realize efficiencies and to enhance project constructability.
Workpapers	Vol 1/A-28	na	Disallowance: For this replacement project, SoCalGas and SDG&E identified pipe as being installed after 1955 and lacking records that provide the minimum information necessary to demonstrate compliance with then-applicable industry standards or regulatory strength testing and recordkeeping requirements. Of the pipeline that was replaced, 128 feet of Phase 1A pipe are disallowed. Therefore, a \$59,150 reduction to ratebase was calculated by multiplying 0.024 miles of pipe by \$2,439,956 per mile, which was SoCalGas and SDG&E's system average cost of pressure testing at the time the pipeline was returned to service.	Disallowance: For this replacement project, SoCalGas and SDG&E identified pipe as being installed after 1955 and lacking records that provide the minimum information necessary to demonstrate compliance with then-applicable industry standards or regulatory strength testing and recordkeeping requirements. Of the pipeline that was replaced, 128 feet of Phase 1A pipe are disallowed. Therefore, a \$59,150 reduction to ratebase was calculated by multiplying 0.024 miles of pipe by \$2,439,956 per mile, which was SoCalGas and SDG&E's system average cost of pressure testing at the time the pipeline was returned to service. There was no disallowance for Supply Line 30-18 Sections 1 and 3 as there were no post- 1955 segments included in the Project without records that provide the minimum information to demonstrate compliance with then applicable industry standards or regulatory strength testing and recordkeeping requirements.
Workpapers	Vol 1/A-87	Table 1	Disallowance (Capital): \$480,994	Disallowance (Capital): \$480,994 \$265,229
Workpapers	Vol 1/A-91	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol1/A-92	na	Final Project Scope: The Accelerated mileage consists of 0.381 miles of Phase 1B pipe, 0.256 miles of Phase 2A pipe, 0.394 miles of Phase 2B pipe, and 0.480 miles of Incidental pipe.	Final Project Scope: The Accelerated mileage consists of 0.381 miles of Phase 1B pipe, 0.256 0.126 miles of Phase 2A pipe, 0.394 0.549 miles of Phase 2B pipe, and 0.480 0.560 miles of Incidental pipe.
Workpapers	Vol1/A-108	na	Disallowance: For this replacement project, SoCalGas and SDG&E identified 0.206 miles of pipe installed after 1955 and lacking records that provide the minimum information necessary to demonstrate compliance with then-applicable industry standards or regulatory strength testing and recordkeeping requirements. Of the pipeline that was replaced, 0.206 miles of Phase 1A pipe are disallowed. Therefore, a \$480,994 reduction to ratebase was calculated by multiplying 0.206 miles of pipe by \$2,439,956 per mile, which was SoCalGas and SDG&E's system average cost of pressure testing at the time the pipeline was returned to service.	Disallowance: For this replacement project, SoCalGas and SDG&E identified 0.206 0.126 miles of pipe installed after 1955 and lacking records that provide the minimum information necessary to demonstrate compliance with then-applicable industry standards or regulatory strength testing and recordkeeping requirements. Of the pipeline that was replaced, 0.206 0.126 miles of Phase 1A pipe are disallowed. Therefore, a \$480,994 \$265,229 reduction to ratebase was calculated by multiplying 0.206 0.126 miles of pipe by \$2,439,956 \$2,105,878 per mile, which was SoCalGas and SDG&E's system average cost of pressure testing at the time the pipeline was returned to service.
Workpapers	Vol1/A-242	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol1/A-287	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol1/A-287	na	Footnote 3: Accelerated mileage includes Phase 1B pipe. The Accelerated mileage was included to realize efficiencies and to enhance project constructability.	Footnote 3: Accelerated mileage includes Phase 1B and Phase 2A pipe. Phase 2A includes pipelines without sufficient record of a pressure test in less populated areas. The Accelerated mileage was included to realize efficiencies and to enhance project constructability.
Workpapers	Vol1/A-288	na	Final Project Scope: The final project scope consists of a 4.96-mile Replacement comprised of 0.32 miles of Accelerated Phase 1B pipe, 0.25 miles of Incidental pipe, and 358 feet of New pipe.	Final Project Scope: The final project scope consists of a 4.96-mile Replacement comprised of 0.320 miles of Accelerated Phase 1B pipe, 8 feet of Phase 2A pipe, 0.25 miles of Incidental pipe, and 358 feet of New pipe.
Workpapers	Vol 1/A-387	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol 1/A-463	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol 2/A-520	Table 1	SMYS%	SMYS% Updated
Workpapers	Vol 2/A-554	Table 1	SMYS%	SMYS% Updated
Workpapers	Vol 2/A-586	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol 2/A-587	na	Final Project Scope: The final project scope consists of a 0.174 mile replacement of station piping that includes 178 feet of Incidental pipe.	Final Project Scope: The final project scope consists of a 0.174 mile replacement of station piping that includes 178 144 feet of Incidental pipe.
Workpapers	Vol 2/A-605	Table 1	SMYS%	SMYS% Updated
Workpapers	Vol 2/A-653	Figure 4		Map updated
Workpapers	Vol 2/A-654	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol 2/A-654	Footnote 3		Footnote 3: Accelerated mileage includes Phase 2B pipe. Phase 2B includes pipelines without record of a pressure test to modern – Subpart J – standards (Phase 2B). The Accelerated mileage was included to realize efficiencies and to enhance project constructability.
Workpapers	Vol 2/A-655	na	Final Project Scope: There are no Accelerated miles and 0.084 miles of Incidental pipe	Final Project Scope: There are no are 146 feet of Accelerated Phase 2B miles and 0.084 227 feet miles of Incidental pipe
Workpapers	Vol 2/A-729	Table 1	Disallowance (Capital): \$11,956	Disallowance (Capital): \$11,956 \$0
Workpapers	Vol 2/A-729	Table 1	Disallowance (O&M): \$556,341	Disallowance (O&M): \$556,341 \$490,530
Workpapers	Vol 2/A-729	Table 1	Total Disallowance: \$568,297	Total Disallowance: \$568,297 \$490,530
Workpapers	Vol 2/A-731	Figure 2		Map updated
Workpapers	Vol 2/A-732	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol 2/A-733	na	Final Project Scope: The Accelerated mileage consists of 0.745 miles of Phase 2B pipe and 10 feet of Incidental pipe.	Final Project Scope: The Accelerated mileage consists of 0.745 0.773 miles of Phase 2B pipe and 10 feet of Incidental pipe.

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Document Type	Chapter/ Volume/Page #	Other	Prior Text	Amended Text
Workpapers	Vol 2/A-744-745	na	Disallowance: For this hydrotest project, SoCalGas and SDG&E identified a total of 1,013 feet of pipe as being installed post-1955 and lacking pressure test records that provide the minimum information to demonstrate compliance with industry standards or then-applicable strength testing and recordkeeping requirements. Of the 0.878 miles of pipeline that were pressure tested, 987 feet (21.29%) of tested mileage are disallowed, therefore \$556,341 of total project O&M costs are disallowed from recovery. In addition, of the pipeline that was replaced, 26 feet of Phase 1A pipe are disallowed. Therefore, a \$11,956 reduction was made to ratebase calculated by determining the replacement mileage and multiplying the amount by \$2,439,956 per mile, that was SoCalGas' and SDG&E's system average cost of pressure testing.	Disallowance: For this hydrotest project, SoCalGas and SDG&E identified a total of 1,013 871 feet of pipe as being installed post-1955 and lacking pressure test records that provide the minimum information to demonstrate compliance with industry standards or then-applicable strength testing and recordkeeping requirements. Of the 0.878 miles of pipeline that were pressure tested, 987 871 feet (21.29% 18.77%) of tested mileage are disallowed, therefore \$556,341 \$490,530 of total project O&M costs are disallowed from recovery. In addition, of the pipeline that was replaced, 26 feet of Phase 1A pipe are disallowed. Therefore, a \$11,956 reduction was made to ratebase calculated by determining the replacement mileage and multiplying the amount by \$2,439,956 per mile, that was SoCalGas' and SDG&E's system average cost of pressure testing.
Workpapers	Vol 2/A-781	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol 2/A-782	na	Final Project Scope: The accelerated mileage consists of 6.221 miles of Phase 2A pipe, .403 miles of Phase 2B pipe and 101 feet of Incidental pipe.	Final Project Scope: The accelerated mileage consists of 6.221 6.236 miles of Phase 2A pipe, .403 miles of Phase 2B pipe and 101 32 feet of Incidental pipe.
Workpapers	Vol 2/A-866	Table 1	Disallowance (Capital): \$5,612	Disallowance (Capital): \$5,612 \$0
Workpapers	Vol 2/A-866	Table 1	Disallowance (O&M): \$40,008	Disallowance (O&M): \$40,008 \$0
Workpapers	Vol 2/A-866	Table 1	Total Disallowance: \$45,620	Total Disallowance: \$45,620 \$0
Workpapers	Vol 2/A-873	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol 2/A-874	na	Final Project Scope: The Accelerated mileage includes 17 feet of Phase 2B pipe, 946 feet of Incidental pipe.	Final Project Scope: The Accelerated mileage includes 17 feet of Phase 2B pipe, 946 1,049 feet of Incidental pipe.
Workpapers	Vol 2/A-887	na	Disallowance: For this hydrotest project, SoCalGas and SDG&E identified a total of 103 feet of pipe as being installed post-1955 and lacking pressure test records that provide the minimum information to demonstrate compliance with industry standards or then-applicable strength testing and recordkeeping requirements. Of the 1.936 miles of pipeline that were pressure tested, 91 feet (0.88%) of tested mileage are disallowed, therefore \$40,008 of total project O&M costs are disallowed from recovery. In addition, of the pipeline that was replaced, 12 feet of Phase 1A are disallowed. Therefore, a \$5,612 reduction was made to ratebase calculated by determining the replacement mileage and multiplying the amount by \$2,439,956 per mile, which was SoCalGas and SDG&E's system average cost of pressure testing.	Disallowance: For this hydrotest project, SoCalGas and SDG&E identified a total of 103 feet of pipe as being installed post-1955 and lacking pressure test records that provide the minimum information to demonstrate compliance with industry standards or then-applicable strength testing and recordkeeping requirements. Of the 1.936 miles of pipeline that were pressure tested, 91 feet (0.88%) of tested mileage are disallowed, therefore \$40,008 of total project O&M costs are disallowed from recovery. In addition, of the pipeline that was replaced, 12 feet of Phase 1A are disallowed. Therefore, a \$5,612 reduction was made to ratebase calculated by determining the replacement mileage and multiplying the amount by \$2,439,956 per mile, which was SoCalGas and SDG&E's system average cost of pressure testing. There was no disallowance for Supply Line 49-13 as there were no post-1955 segments included in the Project without records that provide the minimum information to demonstrate compliance with then applicable industry standards or regulatory strength testing and recordkeeping requirements.
Workpapers	Vol 2/A-893	Table 1	Disallowance (Capital): \$8,052	Disallowance (Capital): \$8,052 \$6,949
Workpapers	Vol 2/A-893	Table 1	Total Disallowance: \$10,613	Total Disallowance: \$10,613 \$9,511
Workpapers	Vol 2/A-907-908	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol 2/A-908	Footnote 10	Accelerated mileage includes Phase 1B, Phase 1B 2A, and Phase 2B pipe.	Accelerated mileage includes Phase 1B, Phase 1B -2A, and Phase 2B pipe.
Workpapers	Vol 2/A-911	na	Final Project Scope (Section 3A): The Accelerated mileage consists of 0.530 miles of Phase 1B pipe, 26 feet of Phase 2A pipe, 57 feet of Phase 2B pipe, and 25 feet of Incidental pipe.	Final Project Scope (Section 3A): The Accelerated mileage consists of 0.530 miles of Phase 1B pipe, 26 34 feet of Phase 2A pipe, 57 feet of Phase 2B pipe, and 25 17 feet of Incidental pipe.
Workpapers	Vol 2/A-946	na	Disallowance: For this hydrotest project, SoCalGas and SDG&E identified a total of 31 feet of pipe as installed post-1955 and lacking pressure test records that provide the minimum information to demonstrate compliance with industry standards or then-applicable strength testing and recordkeeping requirements. Of the 12 miles of pipeline that were pressure tested, 13 feet (0.02%) of test mileage are disallowed, therefore \$2,561 of total project O&M costs are disallowed from recovery. In addition, of the pipeline that was replaced, 18 feet of Phase 1A pipe are disallowed. Therefore, a \$8,052 reduction was made to ratebase calculated by determining the replacement mileage and multiplying the amount by \$2,439,956 per mile, which was SoCalGas' and SDG&E's system average cost of pressure testing.	Disallowance: For this hydrotest project, SoCalGas and SDG&E identified a total of 31 feet of pipe as installed post-1955 and lacking pressure test records that provide the minimum information to demonstrate compliance with industry standards or then-applicable strength testing and recordkeeping requirements. Of the 12 miles of pipeline that were pressure tested, 13 feet (0.02%) of test mileage are disallowed, therefore \$2,561 of total project O&M costs are disallowed from recovery. In addition, of the pipeline that was replaced, 18 17.5 feet of Phase 1A pipe are disallowed. Therefore, a \$8,052 \$6,949 reduction was made to ratebase calculated by determining the replacement mileage and multiplying the amount by \$2,439,956 \$2,105,878 per mile, which was SoCalGas' and SDG&E's system average cost of pressure testing.
Workpapers	Vol 2/A-975	na	This achieved avoidance of additional mobilization/demobilization costs, as well as costs to set up and restore the	This achieved avoidance of additional mobilization/demobilization costs, as well as costs to set up and restore the second area .
Workpapers	Vol 2/A-981	Table 1	SMYS%	SMYS% Updated
Workpapers	Vol 2/A-1007	Table 2	See Table 2 Mileage tab	Mileage table revised
Workpapers	Vol 2/A-1008	na	Final Project Scope: The Incidental mileage consists of 123 feet of pipe.	Final Project Scope: The Incidental mileage consists of 123 112 feet of pipe.