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September 14, 2012

Mr. Ed Randolph
Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Brigadier General Jack Hagan
Director, CPSD
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Southern California Gas Company and San Diego Gas & Electric Monthly Pipeline Safety Enhancement Plan Status Report

Dear Mr. Randolph and General Hagan:

Enclosed please find the Monthly Pipeline Safety Enhancement Plan Status Report of Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) for August 2012 as required per D.12-04-021. D.12-04-021 requires SoCalGas and SDG&E to provide a Monthly Pipeline Safety Enhancement Plan update to the Commission's Energy Division and Consumer Protection and Safety Division as our plan is implemented.

Please feel free to contact me should you have any additional questions regarding this report.

Sincerely,

Jeff Salazar
Regulatory Business Manager

Attachment

CC: Richard Myers, CPUC Energy Division
Belinda Gatti, CPUC Energy Division
Julie Halligan, CPUC CPSD
Sunil Shori, CPUC CPSD

AUGUST 2012 PSEP UPDATE

I. Introduction

In D.12-04-021, the Commission directed Southern California Gas (SoCalGas) and San Diego Gas & Electric (SDG&E) to provide monthly Pipeline Safety Enhancement Plan (PSEP) updates to the Commission's Energy and Consumer Protection and Safety Division as our plan is implemented.¹ This is our update for August 2012.

II. Current Status

SoCalGas and SDG&E have undertaken the following PSEP-related activities since our last monthly update dated July 26, 2012.

- Selected internal candidates to fill several key PSEP Program Management Office positions including the Project & Execution Manager, Construction Manager, Environmental Manager, Project Controls and Technology Manager, Business and Administration Manager, Engineering and Design Manager, and three senior Project Managers. Additional positions will be staffed and reported in the coming months.
- Completed interviews of bidders on the short list for the Program Management Contractor for the PSEP. Additional information and updated proposals will be submitted by bidders for additional evaluation and negotiations.
- Continued planning and engineering work for hydro-testing Line 2000 which runs from the Colorado River to Los Angeles. Preliminary High Consequence Area base maps were developed and reviewed. Test and replacement segments for the Blythe area have been identified and will be reviewed and finalized. Coordination with personnel in Gas Control, District Operations, and Capacity Planning for shutdown of Line 2000 options is currently in progress.
- Initiated preliminary planning for additional projects from memo account, see Appendix A for details.
- Contracted with engineering design to provide planning and design support for three hydro-test projects for Lines 407, 235 West and 1020.
- Received five bids for the PSEP Environmental Contractor Request for Proposal. These bids are being evaluated to identify top proposals. The firms with the top proposals will be invited for interviews and provided with an opportunity to present their proposals.
- Developing a comprehensive PSEP outreach strategy and communications plan. The plan will include proactive outreach to customers and communities, local government and emergency responders, local media and employees. It also will incorporate lessons learned and best practices, based on PG&E's first-hand experience.
- Continue to perform records review and implement interim safety measures.

¹ D.12-04-021, mimeo., at 7 and 12 (Ordering Paragraph No. 4).

III. **Costs**

- Actual costs tracked in SoCalGas' and SDG&E's respective Memorandum Accounts are provided in Appendix B and Appendix C.

Appendix A – Active Project List

Pipeline	PSEP filing priority	Scope of Work (Category 4 Criteria Miles)	Status
2000	1	Test (55.03)	Detailed Design
407	7	Test (6.25)	Preliminary Planning
235 West	10	Test (2.74)	Preliminary Planning
2000-0.18-XO2	16	Replace (0.01)	Preliminary Planning
1020	17	Test (4.06)	Preliminary Planning
1014	18	Replace (0.003)	Preliminary Planning
247	21	Replace (0.08)	Preliminary Planning
2000-0.18-BO	23	Replace (0.012)	Preliminary Planning*
408XO1	35	Replace (0.01)	Preliminary Planning
36-37	38	Replace (0.02)	Preliminary Planning
2000-0.18-XO1	43	Replace (0.009)	Preliminary Planning*
35-20	44	Replace (0.56)	Preliminary Planning
3000-261.73-BO	48	Replace (0.002)	Preliminary Planning
3000-261.73-BR	49	Replace (0.005)	Preliminary Planning
44-654	50	Replace (0.01)	Preliminary Planning
41-19	56	Replace (0.01)	Preliminary Planning
43-1106	58	Replace (0.14)	Preliminary Planning
41-90	83	Test (0.000)	Preliminary Planning
45-120X01	87	Replace (0.008)	Preliminary Planning
41-80	90	Replace (0.01)	Preliminary Planning
35-20-N	113	Replace (0.001)	Preliminary Planning
41-116	142	Replace (0.003)	Preliminary Planning*
37-18-J	154	Replace (0.012)	Preliminary Planning**

* Projects being planned in conjunction with L-2000 test since they are fed from L-2000 to avoid future system disruption

** Project planned to take advantage existing project with connecting line to limit system disruption

Status Legend

Preliminary Planning – Data review and test vs. replace evaluation.

Detailed Design – Design drawings, identify permits and material selection

Construction – procurement, outage coordination, construction or test

Closeout – material & test records, cost summary and reconciliation

Appendix B

SCG		(in \$1,000)		
Supplement to Request for Memorandum Account Attachment A - Pipeline Projects	Labor	Nonlabor	Overheads	Total
Line 2000	38	2	30	71
Program Management Activities	18	-	16	35
Total Supplement to Request for Memorandum Account Attachment A - Pipeline Projects	56	2	47	106

SDGE		(in \$1,000)		
Supplement to Request for Memorandum Account Attachment A - Pipeline Projects	Labor	Nonlabor	Overheads	Total
Program Management Activities	3	-	4	6

(1) Costs reflect actuals from May 20, 2012 to August 2012

(2) Program Management Activities and individual project costs do not reflect actual year to date spend due to recently finalized time charging guidelines.

Corrected spend will be reflected in the September report.

(4) Costs are fully loaded with overheads

(5) SCG overheads exclude the following cost elements:

9122910, 9124910, 9131700, 9131850, 9132700, 9132850

(6) SDGE overheads exclude the following cost elements:

9122900, 9124900, 9131700, 9131850, 9132700, 9132850

(7) As of August 2012, the SCG balance in the Pipeline Safety and Reliability Memorandum Account reflects a balance of \$11,083,084 which includes balancing account interest and is reduced for costs incurred prior to February 24, 2011 (i.e., the effective date of R.11-02-019).

(8) As of August 2012, the SDGE balance in the Pipeline Safety and Reliability Memorandum Account reflects a balance of \$1,261,499 which includes balancing account interest and is reduced for costs incurred prior to February 24, 2011 (i.e., the effective date of R.11-02-019).

Appendix C

SCG		(in \$1,000)		
Supplement to Request for Memorandum Account Attachment B - Records Review and Interim Safety Measure Costs				
	Labor	Nonlabor	Overheads	Total
Leak Survey and Pipeline Patrol	557	19	121	697
Records Review	914	8,361	715	9,989
Pressure Protection Equipment	151	44	73	268
Other Remediation	34	405	24	464
Total SCG Supplement to Request for Memorandum Account Attachment B - Records Review and Interim Safety Measure Costs	1,656	8,829	932	11,417

SDGE		(in \$1,000)		
Supplement to Request for Memorandum Account Attachment B - Records Review and Interim Safety Measure Costs				
	Labor	Nonlabor	Overheads	Total
Leak Survey and Pipeline Patrol	18	-	9	26
Records Review	374	607	276	1,258
Pressure Protection Equipment	3	-	2	5
Other Remediation	1	-	1	2
Total SDGE Supplement to Request for Memorandum Account Attachment B - Records Review and Interim Safety Measure Costs	396	607	287	1,290

(1) Costs reflect actuals from February 2011 to August 2012.

(2) Costs are fully loaded with overheads

(3) SCG overheads exclude the following cost elements:

9122910, 9124910, 9131700, 9131850, 9132700, 9132850

(4) SDGE overheads exclude the following cost elements:

9122900, 9124900, 9131700, 9131850, 9132700, 9132850

(5) As of August 2012, the SCG balance in the Pipeline Safety and Reliability Memorandum Account reflects a balance of \$11,083,084 which includes balancing account interest and is reduced for costs incurred prior to February 24, 2011 (i.e., the effective date of R.11-02-019).

(6) As of August 2012, the SDGE balance in the Pipeline Safety and Reliability Memorandum Account reflects a balance of \$1,261,499 which includes balancing account interest and is reduced for costs incurred prior to February 24, 2011 (i.e., the effective date of R.11-02-019).