BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Adopt New Safety and Reliability Regulations for Natural Gas Transmission and Distribution Pipelines and Related Ratemaking Mechanisms.	R.11-02-019 (Filed February 24, 2011) (NOT CONSOLIDATED)
In the Matter of the Application of San Diego Gas & Electric Company (U 902 G) and Southern California Gas Company (U 904 G) for Authority to Revise Their Rates Effective January 1, 2013, in Their Triennial Cost Allocation Proceeding	A.11-11-002 (Filed November 1, 2011)

COMMENTS OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) IN RESPONSE TO ASSIGNED COMMISSIONER'S RULINGS AND SUPPLEMENT TO REQUEST FOR MEMORANDUM ACCOUNT

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Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) submit the following comments on the feasibility of transferring consideration of our proposed Pipeline Safety Enhancement Plan to another proceeding and supplement our May 4, 2011 Motion to Establish a Pipeline Safety and Reliability Memorandum Account, pursuant to the November 2, 2011 Amended Scoping Memo and Ruling of the Assigned Commissioner (November 2 Ruling) and December 21, 2011 Assigned Commissioner's Ruling Modifying Schedule to Allow Operators to Respond to the Consumer Protection and Safety Division Reports and Providing Further Direction on the Reassignment of Certain Reasonableness, Cost Allocation, and Cost Recovery Issues from the Rulemaking to Another Proceeding (December 21 Ruling).

In the November 2 Ruling, the Assigned Commissioner indicates that he is "considering narrowing the scope of the ratemaking issues in this proceeding by transferring ratemaking issues for the SoCalGas and SDG&E Implementation Plan to a separate phase of their ongoing general rate cases (GRCs) or to their next GRCs," and directs SoCalGas and SDG&E to "supplement their request for a memorandum account with an estimate of the costs expected to be incurred prior to the resolution of such an additional phase of their current GRCs (assumed to be no later than December 2012) and/or prior to their next anticipated GRC decision, along with an assessment of the feasibility of transferring the

ratemaking issues associated with the Implementation Plan to those cases.[1] Subsequently, in the December 21, 2011 Ruling, the Assigned Commissioner indicates that "[u]pon further review, [he] now believe[s] that the pending Triennial Cost Allocation Proceeding. . . is the most logical proceeding for the SDG&E and SoCalGas reasonableness and ratemaking review" and directs SoCalGas and SDG&E to address the issue of "reassignment of the reasonableness and ratemaking issues to the Cost Allocation Proceeding versus the pending or a future general rate case." [2]

As explained further below, SoCalGas and SDG&E believe that the pending Triennial Cost Allocation Proceeding is an appropriate venue for consideration of their proposed Pipeline Safety Enhancement Plan provided that (1) the transfer to that proceeding does not result in undue delay of consideration of their proposed plan; and (2) the technical aspects or "substance" of the proposed plan is considered along with the ratemaking aspects. As directed in the November 2 Ruling, SoCalGas and SDG&E offer a proposed schedule for consideration of our proposed Pipeline Safety Enhancement Plan and supplement their May 4, 2011 Motion to Establish a Pipeline Safety and Reliability Memorandum Account to provide an estimate of costs that may be incurred prior the issuance of a final decision approving the proposed plan.

I. CONSIDERATION OF THE PROPOSED PIPELINE SAFETY ENHANCEMENT PLAN MAY TAKE PLACE IN THE PENDING COST ALLOCATION PROCEEDING.

On June 16, 2011, the Commission directed all California natural gas utilities to file comprehensive pipeline testing implementation plans by August 26, 2011.[3] The Commission's decision stressed the need for rapid action, and further ordered that "[s]uch Implementation Plans shall be completed as soon as practicable, due to significant public safety concerns, and must include interim safety enhancement measures. . . ."[4] Pursuant to this direction, SoCalGas and SDG&E, as well as Pacific Gas and Electric Company and Southwest Gas Corporation, all filed comprehensive implementation plans on August 26, 2011.

1/ November 2 Ruling, p. 4.
2/ December 21 Ruling, p. 2.
3/ D.11-06-017, Ordering ¶ 4.
4/ *Id*., p. 20.

In the November 2 Ruling, Assigned Commissioner Florio explained that he is "considering narrowing the scope of the ratemaking issues in this proceeding by transferring ratemaking issues for the SoCalGas and SDG&E Implementation Plan to a separate phase of their ongoing general rate cases (GRCs) or to their next GRC."[5] "To assist in evaluating whether to transfer ratemaking for SoCalGas and SDG&E's Implementation Plan out of this proceeding," SoCalGas and SDG&E were directed to provide an "assessment of the feasibility of transferring the ratemaking associated with the Implementation Plan to those cases."[6] In the December 21 Ruling, Assigned Commissioner Florio indicates that "[u]pon further review, [he] now believe[s] that the pending Triennial Cost Allocation Proceeding. . . is the most logical proceeding for the SDG&E and SoCalGas reasonableness and ratemaking review."[7] The parties are therefore directed to "comment on the question of reassignment of the reasonableness and ratemaking issues to the Cost Allocation Proceeding versus the pending or a future general rate case."[8]

SoCalGas and SDG&E agree that the pending Triennial Cost Allocation Proceeding is an appropriate venue to consider their proposed Pipeline Safety Enhancement Plan provided that the transfer does not result in undue delay of consideration of our proposed plan, and so long as the technical aspects of our proposed plan are also considered in that proceeding. SoCalGas and SDG&E believe this is the Assigned Commissioner's intent in the December 21 Ruling, which states that it "would be beneficial to reassign the implementation plans to [the pending Triennial Cost Allocation Proceeding] to take advantage of the evidentiary record and policy decisions emerging there."[9] SoCalGas and SDG&E construe the term "reasonableness," as used in the December 21 Ruling,[10] to include consideration of the technical aspects of the plan, but seek clarification on this issue.

SoCalGas and SDG&E would also not be opposed to transferring consideration of our proposed plan to a separate phase of our current GRCs. We are opposed, however, to transferring consideration of our proposed plan to a subsequent GRC proceeding. Transferring consideration of SoCalGas and SDG&E's proposed Pipeline Safety Enhancement Plan to a subsequent GRC proceeding would unduly

5/ November 2 Ruling, p. 4.
6/ *Id*.
7/ December 21 Ruling, p. 2.
8/ *Id*.
9/ *Id*.
10/ *Id.*

delay the matter, and thus be inconsistent with the Commission's directive to complete the Implementation Plans "as soon as practicable." While no set schedule has been established for the next General Rate Cases yet, SoCalGas and SDG&E anticipate that those proceedings will not be initiated until December 2013, at the earliest,[11] with a decision not expected prior to the end of 2014.

Regardless of the forum within which consideration of our Pipeline Safety Enhancement Plan takes place, SoCalGas and SDG&E urge the Commission to consider both the technical aspects of our proposed plan and the ratemaking aspects of our proposed plan in the same forum. This would avoid the risk of inconsistent decisions, increase administrative efficiency, and ensure that the ratemaking aspects of the proposed plan are appropriately considered within the context of the work that is contemplated by the plan.

II. PROPOSED SCHEDULE FOR CONSIDERATION OF SOCALGAS AND SDG&E'S PROPOSED PIPELINE SAFETY ENHANCEMENT PLAN

In the November 2 Ruling, SoCalGas and SDG&E are directed to propose a schedule for GRC consideration of ratemaking issues. Because the December 21 Ruling indicates that the Assigned Commissioner "now believes that the pending Triennial Cost Allocation Proceeding recently filed as Application (A.) 11-11-002 is the most logical proceeding for the SDG&E and SoCalGas reasonableness and ratemaking review,"[12] SoCalGas and SDG&E offer a proposed schedule below that could feasibly be implemented in the pending Triennial Cost Allocation Proceeding. Events highlighted in bold are proposed dates, while existing dates for this proceeding and the Triennial Cost Allocation Proceeding are indicated in normal font to facilitate consideration of the schedule by the Commission and interested parties. If consideration of SoCalGas and SDG&E's proposed plan is transferred to a separate phase of their pending GRCs, as opposed to the Triennial Cost Allocation Proceeding, then the dates could possibly be moved up to facilitate speedier review.

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[11] SoCalGas and SDG&E have proposed to file our next General Rate Case Application in December 2014, but if that proposal is not adopted by the Commission, then the filing would take place in December 2013.

[12] December 21 Ruling, p. 2.

Event	Date
Parties Responses to Supplemental Memorandum Account Request	January 24, 2012
Prehearing Conference in Triennial Cost Allocation Proceeding	January 30, 2012
Parties Serve Testimony on PG&E Implementation Plan and Associated Ratemaking Issues	January 31, 2012
PG&E Serves Rebuttal Testimony	February 28, 2012
Evidentiary Hearings on PG&E Implementation Plan	March 12-23, 2012
Briefing Schedule on PG&E Implementation Plan	To be Set
DRA/Intervenors Serve Testimony on SoCalGas/SDG&E Implementation Plan and Associated Ratemaking Issues	**April 19, 2012**
SoCalGas/SDG&E Serve Additional Testimony on SoCalGas/SDG&E Triennial Cost Allocation Proceeding Application (if any)	**April 26, 2012**
DRA/Intervenors Serve Testimony on SoCalGas/SDG&E Triennial Cost Allocation Proceeding Application	**June 13, 2012**
Parties Serve Concurrent Rebuttal Testimony on SoCalGas/SDG&E Implementation Plan and Associated Ratemaking Issues	**June 19, 2012**
Parties Serve Concurrent Rebuttal Testimony on SoCalGas/SDG&E Triennial Cost Allocation Proceeding Application	**July 13, 2012**
Evidentiary Hearings on SoCalGas/SDG&E Implementation Plan	**July 23-August 3, 2012**[13/]
Concurrent Opening Briefs on SoCalGas/SDG&E Implementation Plan	**August 31, 2012**
Evidentiary Hearings on SoCalGas/SDG&E Triennial Cost Allocation Proceeding Application	**September 5-14, 2012**
Concurrent Reply Briefs on SoCalGas/SDG&E Implementation Plan	**September 28, 2012**
Concurrent Opening Briefs on SoCalGas/SDG&E Triennial Cost Allocation Proceeding Application	**October 12, 2012**
Concurrent Reply Briefs on SoCalGas/SDG&E Triennial Cost Allocation Proceeding Application	**November 2, 2012**
Proposed Decision on SoCalGas/SDG&E Implementation Plan	**November/December 2012**
Proposed Decision on SoCalGas/SDG&E Triennial Cost Allocation Proceeding Application	**December 2012/January 2013**
Final Decisions on SoCalGas/SDG&E Implementation Plan and Triennial Cost Allocation Proceeding Application	**First Quarter 2013**

[13/] These proposed dates take into consideration the schedule of Administrative Law Judge Douglas M. Long, should the matter be transferred to the Triennial Cost Allocation Proceeding, and are contingent on SoCalGas and SDG&E making our first two policy witnesses available for cross-examination on July 23-24, 2012.

III. ESTIMATE OF COSTS TO BE INCURRED PRIOR TO ISSUANCE OF A FINAL DECISION ON PROPOSED PIPELINE SAFETY ENHANCEMENT PLAN

To assist the Commission in evaluating whether to transfer consideration of their proposed Pipeline Safety Enhancement Plan out of this proceeding, the November 2 Ruling directs SoCalGas and SDG&E to "supplement their request for a memorandum account with an estimate of the costs expected to be incurred prior to the resolution of such an additional phase of their current GRCs (assumed to be no later than December 2012) and/or prior to their next anticipated GRC decision. . . ."[14/] In Attachment A, SoCalGas and SDG&E offer the scope of work and estimate of the costs they may expect to incur if their request for a memorandum account is granted during the first quarter of 2012 and the Commission issues a final decision approving the proposed plan in the first quarter of 2013. This one-year timeframe would allow for careful and thorough consideration of the proposed plan by the Commission and interested parties, yet would also ensure that such consideration is not unduly delayed. Consistent with the Commission's direction in D.11-06-017 to propose a timeline that is "as soon as practicable," SoCalGas and SDG&E propose an aspirational scope of work in Attachment A that is ambitious, with the understanding that it may be infeasible to complete the entire scope of proposed work during the one-year timeframe and/or within the scope of estimated costs if significant unforeseen implementation challenges arise.

The direct cost for the scope of work contemplated in Attachment A is estimated to require capital spending of about $47 million for SoCalGas and $9 million for SDG&E, and Operations and Maintenance (O&M) expenses of $23 million for SoCalGas and $0 for SDG&E, for a total of about $79 million. The estimates do not include actual overhead costs that will be applied to the direct costs. The fully loaded and escalated cost for the scope of work contemplated in Attachment A is estimated to be $54 million in capital and $24 million in O&M for SoCalGas and $10 million in capital and $0 in O&M for SDG&E, for a total of $88 million. As explained below, these estimates of direct costs are preliminary and could vary.

In preparing this scope of work and estimate, SoCalGas and SDG&E reviewed all testing and replacement work proposed in the Base Case for Phase 1A to determine a potentially feasible and

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[14/] November 2 Ruling, p. 4.

prudent scope of work to be performed during the one year period beginning in the second quarter of 2012 and continuing through the first quarter of 2013.[15] As explained in the August 26, 2011 Testimony in support of the Proposed Pipeline Safety Enhancement Plan, by definition, all proposed Phase 1A projects represent high priority work and were proposed to be completed during the four-year period beginning in April 2012.[16] In identifying projects that may get underway during the initial one-year period, SoCalGas and SDG&E took into account geographic, community, operational, resource and environmental constraints, along with the sub-prioritization process set forth in the proposed plan.

By performing an analysis utilizing all the aforementioned constraints, SoCalGas and SDG&E identified some projects that have a greater likelihood of moving through the engineering/design, permitting, and construction lifecycle quickly in order to commence and potentially complete field construction for some projects during the one-year period. Priority projects were also selected to begin engineering/design work so that those projects will be ready for procurement and construction after the final decision is approved. Additionally, projects that are anticipated to pose significant engineering/design and permitting challenges are identified to begin the engineering/design and permitting work right away in order to accelerate the potential construction start date. In general, these types of projects either consist of significant mileage for which the engineering/design timeline will be

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[15] In our proposed Pipeline Safety Enhancement Plan, SoCalGas and SDG&E seek approval of the "Proposed Case," which, in addition to the costs associated with the plan to test or replace pipeline segments that do not have sufficient documentation of pressure testing to meet the requirements set forth in D.11-06-017, proposed interim safety enhancement measures, plan to in-line inspect piggable pipelines and Valve Enhancement Plan, includes costs to replace pipeline segments to mitigate pre-1946 construction and manufacturing methods, proposed technology enhancements, and the development and design of an Enterprise Management System. Because the additional safety enhancement measures proposed in the Proposed Case will not yet have been approved by the Commission, SoCalGas and SDG&E propose to limit the scope of work during the one-year interim period to the "Base Case," excluding the costs associated with the Valve Enhancement Plan. The Base Case is limited to costs associated with a plan to test or replace pipeline segments that do not have sufficient documentation of pressure testing to meet the requirements set forth in D.11-06-017, proposed interim safety enhancement measures, in-line inspection of piggable pipelines and a Valve Enhancement Plan. *See* Testimony of SoCalGas and SDG&E, pp. 103-106. Proposed Valve Enhancement Plan costs are excluded from the scope of work during the interim period due to uncertainty regarding the scope of work that will ultimately be authorized by the Commission. Although specific valve enhancement projects are excluded in this scope of work planned during the one-year interim period, prudent and economically efficient valve enhancement opportunities may be identified on pipelines being tested or replaced. Under such circumstances, SoCalGas and SDG&E will consult with Commission Staff before undertaking such valve projects pursuant to the monthly review process described below.

[16] This timeline was based on an assumption that the Commission would authorize SoCalGas and SDG&E to begin initial planning and permitting work in 2011. *See* Testimony of SoCalGas and SDG&E in Support of Proposed Pipeline Safety Enhancement Plan, p. 28 ("In order to adhere to our proposed schedule, we must begin the work of planning and permitting individual pressure testing and replacement projects right away. Accordingly, SoCalGas and SDG&E urge the Commission to issue a decision authorizing us to begin executing our proposed Pipeline Safety Enhancement Plan as soon as possible.")

substantial, or pose significant environmental challenges that will require the engineering/design cycle to be initiated in order for the permitting process to begin.

SoCalGas and SDG&E propose to use this twelve-month period to mobilize the Program Management Organization, contract the Program Management Contractor, and advance the development of the program "baseline" including the preparation of program execution plans and procedures, scope of work, schedule, estimates, and risk management procedures. Effective completion of these activities will allow an effective transition once a final plan is approved, and provide SoCalGas and SDG&E with the greatest chance of success in meeting the four overarching objectives of the Pipeline Safety Enhancement Plan.

The schedule, estimated costs and scope of work set forth in the attached is based on a very high level analysis of the Phase 1A projects identified in the proposed Pipeline Safety Enhancement Plan. Once engineering, design, and execution planning work commences and the scope and dependencies for each individual project are better defined, new information will be available that will undoubtedly result in changes in the schedule for individual projects and may even lead to the addition or deletion of other projects. For example, since the filing of the proposed Pipeline Safety Enhancement Plan on August 26, 2011, the categorizations of some pipeline segments have changed as a result of the identification of additional documentation through our ongoing records review process and through our ongoing updates of pipeline class and HCA determination. Flexibility is therefore required when executing this work, and SoCalGas and SDG&E propose to review the scope of work, progress to-date, and actual costs incurred with the Commission's Consumer Protection and Safety Division (CPSD) and Energy Division Staff on a monthly basis during the twelve-month period, to keep Commission Staff apprised of potential changes as those changes are identified. SoCalGas and SDG&E further propose to notify the Commission, via Tier 1 advice letter filing, if our spending exceeds this preliminary cost estimate and we project that completion of the remaining scope of interim work will require us to exceed this estimate by greater than ten percent.

In Attachment B, SoCalGas and SDG&E supplement our Motion to Establish a Pipeline Safety and Reliability Memorandum Account to include an updated summary of the incremental costs expended in connection with the review of records and interim safety measures ordered by the Commission in

response to the National Transportation Safety Board's Safety Recommendations to PG&E and in D.11-06-017, and an updated forecast for the completion of the records review process in 2012 and the ongoing interim safety enhancement measures for 2012 through the first quarter of 2013. These additional costs proposed to be tracked in the memorandum account total approximately $12 million for SoCalGas and $1 million for SDG&E.

The revenue requirement associated with the forecasted incremental capital costs and the incremental O&M costs for the proposed scope of work contemplated in Attachment A, in addition to the incremental costs associated with the interim safety measures contemplated in Attachment B, will be captured in the memorandum account. The revenue requirement assumes all capital costs, including Allowance for Funds Used During Construction, are recovered through depreciation over the book-life of the assets once placed into service and the O&M costs are recovered in the period spent. In addition to the Capital and O&M costs, the revenue requirement includes all other expenses required to support the investment, including authorized rate of return on investment, income and property taxes, franchise fees, uncollectibles, and working cash associated with O&M.

IV. CONCLUSION

SoCalGas and SDG&E support transferring consideration of our proposed Pipeline Safety Enhancement Plan to the pending Triennial Cost Allocation Proceeding, provided that (1) such transfer does not result in undue delay of consideration of their Proposed Safety Enhancement Plan; and (2) the technical aspects or "substance" of the Pipeline Safety Enhancement Plan is considered along with the ratemaking aspects of the proposed plan. The schedule proposed above would facilitate timely consideration of the SoCalGas/SDG&E Pipeline Safety Enhancement Plan, whether consideration of the proposed plan takes place during a separate phase of the pending GRCs or as part of the Triennial Cost Allocation Proceeding.

In Attachment A, SoCalGas and SDG&E provide supplemental information regarding the costs we may incur during an interim twelve-month period if the Commission approves our request for authorization to establish a Pipeline Safety and Reliability Memorandum Account and authorizes us to begin work on our proposed Pipeline Safety Enhancement Plan. SoCalGas and SDG&E propose to review the scope of work, progress to-date and costs incurred with Commission Staff on a monthly basis

during this interim twelve-month period. SoCalGas and SDG&E further propose to notify the Commission, via Tier 1 advice letter filing, if our spending exceeds this preliminary cost estimate and we project that completion of the remaining scope of interim work will require us to exceed this estimate by greater than ten percent.

Respectfully submitted,

By: *_/s/ Deana Michelle Ng_*
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January 13, 2012

ATTACHMENT A

Supplement to Request for Memorandum Account
Attachment A
(Direct Costs Only)

	Estimated Direct Capital and O&M Spend for Months 1 - 12		Total
	SoCalGas	SDG&E	
Capital ($ Million)			
Pipe Replacement	$45	$9	$54
Valves	$0	$0	$0
PMO Mobilization	$2	< $1	$2
Total Capital	**$47**	**$9**	**$56**

O&M ($ million)			
Pressure Test	$23	$0	$23
Valves	$0	$0	$0
Total O&M	**$23**	**$0**	**$23**
Total Dollars ($ million)	**$70**	**$9**	**$79**

General Notes/Basis:

1) Costs rounded to nearest million
2) Allowance for non-project specific organizational and program set-up (mobilization, etc.)
3) Basis is "Base Case" scope. Excludes costs for additional proposed safety enhancement measures (e.g., removal of wrinkle bends, installation of technology enhancements, etc.)
4) Excludes costs associated with proposed Valve Enhancement Plan, due to uncertainty in requirements. Remote and automatic valves will be considered as needed with replacement projects.
5) Cost estimates: 2011 dollars, direct costs (not loaded or escalated)
6) Estimate accuracy is Class 5

Supplement to Request for Memorandum Account
Attachment A
(Escalated in 2012 Dollars)

	Estimated Escalated Capital and O&M Spend for Months 1 - 12		Total
	SoCalGas	SDG&E	
Capital ($ Million)			
Pipe Replacement	$46	$9	$55
Valves	$0	$0	$0
PMO Mobilization	$2	< $1	$2
Total Capital	**$48**	**$9**	**$57**

O&M ($ million)			
Pressure Test	$23	$0	$23
Valves	$0	$0	$0
Total O&M	**$23**	**$0**	**$23**
Total Dollars ($ million)	**$71**	**$9**	**$80**

General Notes/Basis:

1) Costs rounded to nearest million
2) Allowance for non-project specific organizational and program set-up (mobilization, etc.)
3) Basis is "Base Case" scope. Excludes costs for additional proposed safety enhancement measures (e.g., removal of wrinkle bends, installation of technology enhancements, etc.)
4) Excludes costs associated with proposed Valve Enhancement Plan, due to uncertainty in requirements. Remote and automatic valves will be considered as needed with replacement projects.
5) Cost estimates: 2011 dollars, direct costs (not loaded or escalated)
6) Estimate accuracy is Class 5

Supplement to Request for Memorandum Account
Attachment A
(Loaded and Escalated)

	Estimated Loaded and Escalated Capital and O&M Spend for Months 1 - 12		Total
	SoCalGas	SDG&E	
Capital ($ Million)			
Pipe Replacement	$51	$10	$61
Valves	$0	$0	$0
PMO Mobilization	$3	< $1	$3
Total Capital	**$54**	**$10**	**$64**
O&M ($ million)			
Pressure Test	$24	$0	$24
Valves	$0	$0	$0
Total O&M	**$24**	**$0**	**$24**
Total Dollars ($ million)	**$78**	**$10**	**$88**

General Notes/Basis:

1) Costs rounded to nearest million
2) Allowance for non-project specific organizational and program set-up (mobilization, etc.)
3) Basis is "Base Case" scope. Excludes costs for additional proposed safety enhancement measures (e.g., removal of wrinkle bends, installation of technology enhancements, etc.)
4) Excludes costs associated with proposed Valve Enhancement Plan, due to uncertainty in requirements. Remote and automatic valves will be considered as needed with replacement projects.
5) Cost estimates: 2011 dollars, direct costs (not loaded or escalated)
6) Estimate accuracy is Class 5

Supplement to Request for Memorandum Account
Attachment A - SoCalGas

**** Estimates represent Direct Costs, Unloaded, Unescalated, 2011 $'s***

Pipeline	PSEP Filing Priority	Cost Estimate Capital	Cost Estimate O&M	Notes/Basis
2000	1	$ -	$ 16,301,070	25% of total estimated cost
2001 East	2	$ -	$ 154,170	50% eng/des + 25% internal labor
2001 West	3	$ -	$ 1,107,300	50% eng/des + 25% internal labor
1005	4	$ -	$ 62,205	50% eng/des + 25% internal labor
235 East	5	$ -	$ 1,034,800	100% of total estimated cost
2003	6	$ -	$ 454,950	50% eng/des + 25% internal labor
407	7	$ -	$ 129,150	50% eng/des + 25% internal labor
4000	8	$ -	$ 102,780	50% eng/des + 25% internal labor
406	9	$ -	$ 257,040	50% eng/des + 25% internal labor
235 West	10	$ -	$ 70,005	50% eng/des + 25% internal labor
1013	11	$ -	$ 66,300	50% eng/des + 25% internal labor
1015	12	$ 2,319,690	$ -	50% eng/des + 25% internal labor
1004	13	$ -	$ 143,280	50% eng/des + 25% internal labor
404	14	$ -	$ 342,180	50% eng/des + 25% internal labor
44-137	15	$ 253,470	$ -	50% eng/des + 25% internal labor
2000-0.18-X02	16	$ 17,160	$ -	50% eng/des + 25% internal labor
1020	17	$ -	$ 120,690	50% eng/des + 25% internal labor
1014	18	$ 271,570	$ -	100% of total estimated cost
1018	19	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
1024	20	$ -	$ 1,012,830	100% of total estimated cost
247	21	$ 456,040	$ -	100% of total estimated cost
43-121	22	$ 988,290	$ -	50% eng/des + 25% internal labor
2000-0.18-BO	23	$ -	$ -	
33-120	24	$ 441,900	$ -	50% eng/des + 25% internal labor
45-120	25	$ 950,490	$ -	50% eng/des + 25% internal labor
32-21	26	$ 3,842,292	$ -	10% of total estimated cost
41-6000-2	27	$ 2,706,438	$ -	Line 6914 extension must be constructed prior to the abandonment of 41-6000-2; Estimate includes allowance for 30% of eng/des + 25% internal labor
1003	28	$ -	$ -	
36-9-09 North	29	$ 2,533,410	$ -	50% eng/des + 25% internal labor
36-9-06	30	$ 1,234,440	$ -	50% eng/des + 25% internal labor
36-9-06 A	31	$ 637,376	$ -	50% eng/des + 25% internal labor
37-18-K	32	$ 768,450	$ -	50% eng/des + 25% internal labor
1025	33	$ -	$ -	
765BR4	34	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
408XO1	35	$ 225,420	$ -	100% of total estimated cost
1011	36	$ -	$ -	
1171LT2	37	$ 274,690	$ -	100% of total estimated cost
36-37	38	$ 464,100	$ -	100% of total estimated cost
35-39	39	$ -	$ -	To be abandoned
42-66-1	40	$ 287,820	$ -	100% of total estimated cost
42-66-2	41	$ 232,960	$ -	100% of total estimated cost
30-6200	42	$ 177,450	$ -	75% of total estimated cost
2000-0.18-XO1	43	$ -	$ -	
35-20	44	$ 170,730	$ -	50% eng/des + 25% internal labor
37-18	45	$ 900,570	$ -	50% eng/des + 25% internal labor
37-18-F	46	$ 485,730	$ -	50% eng/des + 25% internal labor
30-18	47	$ -	$ -	
3000-261.73-BO	48	$ 147,680	$ -	100% of total estimated cost
3000-261.73-BR	49	$ 158,990	$ -	100% of total estimated cost
44-654	50	$ 163,930	$ -	100% of total estimated cost
37-49	51	$ 5,810,400	$ -	100% of total estimated cost
31-09	52	$ 1,812,480	$ -	50% eng/des + 25% internal labor
37-07	53	$ -	$ -	
45-163	54	$ 208,230	$ -	50% eng/des + 25% internal labor
43-34	55	$ 3,116,940	$ -	25% of total estimated cost
41-19	56	$ 65,650	$ -	100% eng/des + 50% internal labor + 100% materials
1171LT1BP2	57	$ 309,010	$ -	100% of total estimated cost
43-1106	58	$ 751,725	$ -	90% of total estimated cost
33-121	59	$ 341,868	$ -	100% eng/des + 50% internal labor + 75% materials
33-121	60	$ -	$ 24,245	100% eng/des + 50% internal labor
36-1006	61	$ 1,677,728	$ -	80% of total estimated cost
42-46	62	$ 363,720	$ -	50% eng/des + 25% internal labor
41-6001-2	63	$ -	$ -	
36-1032	64	$ 362,550	$ -	50% eng/des + 25% internal labor

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Attachment A - SoCalGas

**** Estimates represent Direct Costs, Unloaded, Unescalated, 2011 $'s***

Pipeline	PSEP Filing Priority	Cost Estimate Capital	Cost Estimate O&M	Notes/Basis
38-514	65	$ -	$ -	
37-04	66	$ -	$ -	
53	67	$ -	$ -	
41-199	68	$ 154,180	$ -	100% of total estimated cost
1172BP3	69	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
1172BP2ST4	70	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
35-20-A	71	$ 316,200	$ -	50% eng/des + 25% internal labor
35-10	72	$ 741,270	$ -	50% eng/des + 25% internal labor
1172 ID 2313 2	73	$ 231,660	$ -	100% of total estimated cost
1017BR4	74	$ -	$ -	
1017BR5	75	$ -	$ -	
1017BR6	76	$ -	$ -	
1017BR7	77	$ -	$ -	
317	78	$ -	$ 440,830	100% of total estimated cost
35-6416	79	$ 666,900	$ -	100% of total estimated cost
41-30-A	80	$ 162,760	$ -	100% eng/des + 50% internal labor + 50% materials
41-25-A	81	$ 1,025,760	$ -	50% eng/des + 25% internal labor
41-30	82	$ 1,002,330	$ -	50% eng/des + 25% internal labor
41-90	83	$ -	$ 195,650	100% of total estimated cost
30-02	84	$ -	$ -	
30-02-U	85	$ -	$ -	
38-200	86	$ 156,033	$ -	100% eng/des + 50% internal labor + 75% materials
45-120X01	87	$ 14,625	$ -	50% eng/des + 25% internal labor
32-90	88	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
38-501	89	$ -	$ -	
41-80	90	$ 472,140	$ -	100% eng/des + 50% internal labor
1017BP1	91	$ -	$ -	
1017BP2	92	$ -	$ -	
1017BP3	93	$ -	$ -	
35-22	94	$ 77,870	$ -	50% eng/des + 25% internal labor
35-6405	95	$ -	$ -	
36-1002	96	$ 143,260	$ -	100% eng/des + 50% internal labor + 50% materials
41-84	97	$ 445,620	$ -	100% eng/des + 50% internal labor
41-84-A	98	$ 684,099	$ -	90% of total estimated cost
44-687	99	$ 569,888	$ -	75% of total estimated cost
41-04ST1	100	$ -	$ -	To be abandoned
36-8-01	101	$ -	$ -	
42-57	102	$ -	$ -	
765-8.24-BO	103	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
765-8.24-BR	104	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
38-351	105	$ -	$ -	
38-512	106	$ -	$ -	
44-1008	107	$ -	$ -	
41-128	108	$ -	$ -	
41-181	109	$ -	$ -	
8107	110	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
42-46-F	111	$ 169,170	$ -	50% eng/des + 25% internal labor
38-516	112	$ -	$ -	
35-20-N	113	$ 175,370	$ -	100% of total estimated cost
30-32	114	$ 457,710	$ -	50% eng/des + 25% internal labor
1172 ID 2313 1	115	$ -	$ -	
1172 ID 2313 3	116	$ -	$ -	
775BO1	117	$ -	$ -	
775	118	$ -	$ -	
30-6292	119	$ -	$ -	
36-6588	120	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
41-04-I	121	$ 169,390	$ -	100% eng/des + 50% internal labor
36-1001	122	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
38-539	124	$ -	$ -	
38-959	125	$ -	$ -	
36-9-21	126	$ -	$ -	
38-528	127	$ -	$ -	
30-6799BR1	128	$ -	$ -	
30-6799	129	$ -	$ -	
41-25	130	$ -	$ -	

Supplement to Request for Memorandum Account
Attachment A - SoCalGas

**** Estimates represent Direct Costs, Unloaded, Unescalated, 2011 $'s***

Pipeline	PSEP Filing Priority	Cost Estimate Capital	Cost Estimate O&M	Notes/Basis
41-17-F	131	$ 202,150	$ -	100% of total estimated cost
44-720	132	$ -	$ -	
41-17	133	$ 948,780	$ -	100% eng/des + 50% internal labor
36-9-21BR1	134	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
36-1032	135	$ -	$ -	
36-9-21	136	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
41-198	137	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
41-201	138	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
36-7-04	139	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
41-05	140	$ -	$ -	
41-05-A	141	$ -	$ -	
41-116	142	$ -	$ -	
41-116BP1	143	$ -	$ -	
41-35-1-KST2	144	$ -	$ -	To be abandoned
169	145	$ -	$ -	
38-508	146	$ -	$ -	
38-523	147	$ -	$ -	
36-8-01-C	148	$ -	$ -	
35-20-A1	149	$ -	$ -	
30-09-A	150	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
35-40	151	$ -	$ -	
38-552	152	$ -	$ -	
1003LT2	153	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
37-18-J	154	$ -	$ -	
41-55	155	$ -	$ -	
30-6543	156	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
35-6520	157	$ -	$ -	
37-6180	158	$ -	$ -	
41-17-A2	159	$ -	$ -	
41-17-FST1	160	$ -	$ -	
41-101	161	$ -	$ -	
36-8-06	162	$ -	$ -	
1172BP2ST3	163	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
30-6209	164	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
41-83	165	$ -	$ -	
1172BP2ST1	166	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
1172BP2ST2	167	$ -	$ -	
41-117	168	$ -	$ -	
42-12	169	$ -	$ -	
41-6045	170	$ -	$ -	
6100	171	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
41-141	172	$ -	$ -	
All		$ -	$ 600,000	50% of estimated storage hydrotest scope; Storage scope contains numerous interlinking pipelines, and as such individual priorities are not assigned
36-8-06	N/A	$ -	$ -	Scope no longer in Phase 1A
36-9-06 F	N/A	$ -	$ -	Scope no longer in Phase 1A
35-6405BR1	N/A	$ -	$ -	Scope no longer in Phase 1A
37-15	N/A	$ -	$ -	Scope no longer in Phase 1A
5009	N/A	$ -	$ -	Scope no longer in Phase 1A
1005 ID805-T	N/A	$ -	$ -	Scope no longer in Phase 1A
1019BP1	N/A	$ -	$ -	Scope no longer in Phase 1A
1170 ID502-T 1	N/A	$ -	$ -	Scope no longer in Phase 1A
1171 ID567-P 13	N/A	$ -	$ -	Scope no longer in Phase 1A
1230-A	N/A	$ -	$ -	Scope no longer in Phase 1A
1230-B	N/A	$ -	$ -	Scope no longer in Phase 1A
2002 ID465-T 2	N/A	$ -	$ -	Scope no longer in Phase 1A
2002 ID465-T 3	N/A	$ -	$ -	Scope no longer in Phase 1A
2007 ID629-T2	N/A	$ -	$ -	Scope no longer in Phase 1A
3000 East	N/A	$ -	$ -	Scope no longer in Phase 1A
765ST2	N/A	$ -	$ -	Scope no longer in Phase 1A

Supplement to Request for Memorandum Account
Attachment A - SDGE

**** Estimates represent Direct Costs, Unloaded, Unescalated, 2011 $'s***

Pipeline	PSEP Filing Priority	Cost Estimate Capital	Cost Estimate O&M	Notes/Basis
49-28	1	$ 962,340	$ -	50% eng/des + 25% internal labor
49-17	2	$ 1,078,290	$ -	50% eng/des + 25% internal labor
49-19	3	$ -	$ -	Scope being addressed independent of PSEP
49-25	4	$ 491,340	$ -	50% eng/des + 25% internal labor
49-32	5	$ 117,585	$ -	100% eng/des + 50% internal labor + 100% materials
49-16	6	$ 2,002,020	$ -	50% eng/des + 25% internal labor
49-11	7	$ 100,848	$ -	50% eng/des + 25% internal labor
49-18	8	$ 902,760	$ -	25% eng/des + 15% internal labor
1600	9	$ 1,239,504	$ -	10% of eng/des + 10% internal labor
49-26	10	$ 562,620	$ -	50% eng/des + 25% internal labor
49-20	11	$ -	$ -	Scope being addressed independent of PSEP
49-27	12	$ 141,726	$ -	25% eng/des + 15% internal labor
49-18	13	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
49-14	14	$ 215,478	$ -	25% eng/des + 15% internal labor
49-15	15	$ 566,292	$ -	25% eng/des + 15% internal labor
49-22	16	$ -	$ -	To be abandoned
49-32	17	$ -	$ -	Costs for post-1970 segments are not included in the PSEP
49-13	18	$ 381,204	$ -	25% eng/des + 15% internal labor
3010	N/A	$ -	$ -	Scope no longer in Phase 1A

ATTACHMENT B

Supplement to Request for Memorandum Account Attachment B

Records Review and Interim Safety Measure Costs

SoCalGas

	2011 Actuals ($thousands)	2012 Forecast ($thousands)	2013 1st Quarter Forecast ($thousands)	Estimated Total Cost Through Q1 2013 ($000)
Records Review (1)	$5,844	$4,400		$10,244
Over Pressure Protection Equipment (2)	$165			$165
Leak Survey/ Pipeline Patrol (3)	$301	$500	$125	$926
Other Remediation (4)	$407	$100		$507
Total	$6,717	$5,000	$125	$11,842

SDG&E

	2011 Actuals	2012 Forecast	2013 1st Quarter Forecast	Estimated Total Cost Through Q1 2013 ($000)
Records Review (1)	$717	$550		$1,267
Over Pressure Protection Equipment (2)	$3			$3
Leak Survey/ Pipeline Patrol (3)	$8	$20	$5	$33
Other Remediation (4)	$1			$1
Total	$729	$570	$5	$1,304

Notes

(1) - Validation of existing MAOPs pursuant to Resolution L-410

(2) - Validation of existing over-pressure protection set points and O&M associated with installation of equipment to facilitate pressure reductions on specific pipelines (includes temporary facility equipment installations that cannot be capitalized unless permanent)

(3) - Includes incremental costs to conduct additional bi-monthly leak surveys above current code requirements (such as overtime for existing employees or more frequent aerial surveys) and pipeline patrols on Category 4 segments identified

(4) - Includes incremental costs to cut out pipeline coupons and to test to determine pipeline material properties that are used to determine MAOPs