

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



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Application of Southern California Gas
Company (U 904 G) to Submit Its 2021 Risk
Assessment and Mitigation Phase Report.

Application No.

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) TO
SUBMIT ITS 2021 RISK ASSESSMENT AND MITIGATION PHASE REPORT**

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May 17, 2021

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I. INTRODUCTION

In compliance with California Public Utilities Commission (Commission or CPUC) Decisions (D.) 14-12-025, D.16-08-018, D.18-12-014, and D.20-01-002, and the Commission’s Rules of Practice and Procedure (Rules), Southern California Gas Company (SoCalGas) hereby submits its 2021 Risk Assessment Mitigation Phase (RAMP) Application and the attached RAMP Report, the first step in its submission of the test year (TY) 2024 General Rate Case (GRC).¹ The purpose of SoCalGas’s RAMP Report is to “examine [SoCalGas’s] assessment of its key risks and its proposed programs for mitigating those risks.”² This filing is submitted in accordance with the Commission’s recently updated GRC Rate Case Plan, set forth in D.20-01-002, and presents a Report on SoCalGas’s safety risks in the manner required by D.18-12-014 (the Safety Model Assessment Proceeding [S-MAP] Decision), and the Settlement Agreement adopted therein (collectively, the Settlement Decision).³

¹ D.20-01-002 (the Rate Case Plan Decision) required SDG&E and Southern California Gas Company (SoCalGas) (collectively, the Companies) to concurrently file their RAMP Applications and Reports by May 15, 2021. D.20-01-002 at 55 (Table 4). Because May 15, 2021 fell on a day the Commission offices were closed, SDG&E and SoCalGas have timely filed their RAMP Applications and Reports on the first business day thereafter (pursuant to Rule 1.15), on May 17, 2021.

² D.14-12-025 at 31 (citation omitted).

³ D.18-12-014 adopted the Settlement Agreement with modifications and reflects the minimum required elements to be used by the utilities for risk and mitigation analysis in their RAMP and GRC proceedings. Additionally, D.18-12-014 continued and modified requirements previously established in D.16-08-018 and the risk-based decision-making frameworks adopted in D.14-12-025.

II. BACKGROUND AND PROCEDURAL HISTORY

On November 14, 2013, the California Public Utilities Commission (Commission) opened Rulemaking (R.) 13-11-006, *Order Instituting Rulemaking to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the Rate Case Plan for Energy Utilities*. The purpose of that Rulemaking was to incorporate a risk-based decision-making framework into the Rate Case Plan (RCP) for the energy utilities' GRCs, in which utilities request funding for safety-related activities. Further, Senate Bill 705 was passed, leading to Public Utilities (P.U.) Code Section 963, which states that "[i]t is the policy of the state that the commission and each gas corporation place [the] safety of the public and gas corporation employees as the top priority."⁴ In 2014, the California Legislature amended the P.U. Code, adding Section 750, which directed the Commission to "develop formal procedures to consider safety in a rate case application by an electrical corporation or gas corporation."⁵

As a result of these directives, in D.14-12-025, the Commission adopted a risk-based decision-making framework into the Rate Case Plan for the energy utilities' GRCs. Further, it established two new proceedings to address risk assessment procedures, the S-MAP and RAMP. These proceedings inform the subsequent GRC applications.

On May 1, 2015, as ordered in D.14-12-025, SDG&E, SoCalGas, Pacific Gas and Electric Company (PG&E), and Southern California Edison (SCE) filed S-MAP Applications (A.) 15-05-002, A.15-05-003, A.15-05-004, and A.15-05-005, which were consolidated on June 19, 2015, as A.15-05-002 and Related Matters. Phase One of that proceeding explored the models the utilities proposed in these applications to identify and manage risks. On August 18, 2016, the Commission issued D.16-08-018 (the Phase 1 Interim S-MAP decision), which adjudicated the consolidated S-MAP applications, determined the format of future RAMP submissions, and directed the utilities to develop a more uniform approach to risk management in Phase 2 of that proceeding.

On May 2, 2018, SoCalGas, SDG&E, PG&E, SCE, and other settling parties filed a Joint Motion for Approval of a Settlement Agreement in A.15-05-002 (cons.). The Commission adopted the S-MAP Settlement Agreement with modifications in D.18-12-014.

⁴ P.U. Code § 963(b)(3).

⁵ P.U. Code § 750.

On December 2, 2019, SoCalGas and SDG&E (the Companies) filed their joint 2019 RAMP Report in I.19-11-010/-011 (cons.) (the 2019 RAMP Proceeding), which was intended to inform their respective TY 2022 General Rate Cases. Subsequent to the filing, the Commission issued the Rate Case Plan Decision (on January 16, 2020), which modified the GRC cycles of the large energy utilities. The Rate Case Plan Decision eliminated the Companies' TY 2022 GRCs and required SDG&E and SoCalGas to file a petition for modification of A.17-10-007 (cons.), to add attrition years 2022 and 2023 to the Companies' TY 2019 GRC cycle. In light of these events, the Commission issued D.20-09-004 (the 2019 RAMP Decision), which closed the 2019 RAMP Proceeding and required that "Information and lessons learned from the 2019 RAMP Report should instead be utilized to further refine the RAMP process and the next RAMP submission of SoCalGas and SDG&E."⁶ The instant Application and Report are filed in accordance with the Rate Case Plan Decision and the 2019 RAMP Decision and will inform the Companies' upcoming TY 2024 GRC applications.

III. CONSOLIDATION OF SDG&E'S AND SOCALGAS'S RAMP APPLICATION PROCEEDINGS

As noted above, the Rate Case Plan Decision required the Companies to concurrently file their RAMP Applications and Reports by May 15, 2021.⁷ SDG&E and SoCalGas share the same parent company, Sempra Energy. Specific chapters in SDG&E's and SoCalGas's respective RAMP Reports describe the same or similar facts and circumstances and are jointly sponsored. Consistent with past proceedings and Rule 7.4, SDG&E and SoCalGas anticipate the consolidation of their respective RAMP proceedings, as consolidation would promote efficiency and avoid scheduling conflicts. Therefore, SDG&E and SoCalGas plan to expeditiously move to consolidate their RAMP proceedings under Rule 7.4 upon initiation of the proceedings, unless the Commission or assigned Administrative Law Judge(s) does so *sua sponte*.⁸

IV. OVERVIEW OF SDG&E'S AND SOCALGAS'S RAMP REPORTS

The instant RAMP proceeding is considered the first phase of each company's next (TY 2024) GRC. "The purpose of the RAMP is to examine the utility's assessment of its key

⁶ D.20-01-002 at 2.

⁷ D.20-01-002 at 55 (Table 4).

⁸ See, e.g., I.19-11-010/-011 (cons.), Administrative Law Judge's Ruling Consolidating Proceedings and Setting Prehearing Conference Schedule (November 21, 2019) *passim*.

risks and its proposed programs for mitigating those risks.”⁹ The assessment is largely based on past incidents for the Companies and their industries. SDG&E’s Report presents nine risk chapters (eight of which are specific to SDG&E), and SoCalGas’s Report presents seven risk chapters (six of which are specific to SoCalGas). Each company’s Report also contains one joint risk chapter (Cybersecurity).

While developing their respective reports, SoCalGas and SDG&E met with stakeholders and held two public workshops on October 15, 2020, and January 27, 2021, to discuss their approach to the RAMP Reports. The Companies also held a pre-filing technical sub-workshop on November 17, 2020. The pre-filing workshops were intended to gather input from stakeholders and provide stakeholders with an overview of certain aspects of the RAMP Reports.

From past lessons learned and the workshops, SoCalGas and SDG&E made a number of improvements since the 2019 RAMP filing. Most notably, these RAMP Reports include the use of a new major attribute, Stakeholder Satisfaction, beyond the three required attributes (for the first time in the state), increase the number and percent of activities that have Risk Spend Efficiencies (RSE), add descriptions in instances an RSE could not be calculated, and make a number of other updates.

V. ROADMAP OF CHAPTERS WITHIN REPORT

The RAMP Report, appended to this Application, begins with the following introductory chapters, which lay the foundation of this filing and explain the methodologies used throughout.¹⁰

SDG&E Introductory Chapters	
Chapter	Subject
RAMP-A	Overview and Approach (SoCalGas/SDG&E)
RAMP-B	Enterprise Risk Management Framework (SDG&E)
RAMP-C	Risk Quantification Framework and Risk Spend Efficiency (SoCalGas/SDG&E)

⁹ D.14-12-025 at 31 (citation omitted).

¹⁰ Chapters RAMP-A, RAMP-C, and RAMP-E are jointly sponsored by SoCalGas and SDG&E; Chapters RAMP-B and RAMP-D are company-specific.

SDG&E Introductory Chapters	
Chapter	Subject
RAMP-D	Safety Culture, Organizational Structure, Executive and Utility Board Engagement, and Compensation Policies Related to Safety (SDG&E)
RAMP-E	Lessons Learned (SoCalGas/SDG&E)

The Introductory Chapters are organized as follows:

- **RAMP-A (joint)** provides an overview of the requirements for the Companies' RAMP Reports, how the Companies have met the requirements, and changes and updates to the Companies' 2021 RAMP Reports, including incorporation of intervenor comments and workshop feedback. RAMP-A also provides an overview of the Reports' guiding principles and the organization of each risk chapter.
- **RAMP-B** presents SoCalGas's Risk Management Framework, explains the selection of RAMP risks, and discusses continuous improvement and changes to the Enterprise Risk Registry since 2019.
- **RAMP-C (joint)** explains the quantitative methodology used for establishing the Companies' Multi-Attribute Value Function and Risk Spend Efficiency calculations.
- **RAMP-D** discusses SoCalGas's strong safety culture, specifically the safety structure, executive and board involvement in safety, and compensation policies related to safety.
- **RAMP-E (joint)** discusses the lessons learned by SoCalGas and SDG&E in developing the RAMP Reports and reviewing the RAMP filings of SCE and PG&E. RAMP-E also describes and responds to additional feedback received from stakeholders during the Companies' 2019 RAMP proceeding and pre-filing workshops.

SoCalGas's RAMP risk chapters are presented as identified below, numbered in descending order by the total risk score, as presented at the Companies' January 27, 2021, workshop.

SoCalGas RAMP Risk Chapters	
Chapter	Subject
SCG-Risk-1	Incident Related to the High Pressure System (Excluding Dig-in)
SCG-Risk-2	Excavation Damage (Dig-In) on the Gas System
SCG-Risk-3	Incident Related to the Medium Pressure System (Excluding Dig-in)
SCG-Risk-4	Incident Related to the Storage System (Excluding Dig-in)
SCG-Risk-5	Incident Involving an Employee
SCG-Risk-6/SDG&E-Risk-6	Cybersecurity
SCG-Risk-7	Incident Involving a Contractor

Chapter RAMP-B describes these Risk Chapters and explains how they were selected for inclusion in the RAMP Report.

SoCalGas's RAMP Report also includes a volume of Cross-Functional Factors (CFF) that provide additional information regarding safety-related initiatives associated with several of SoCalGas's RAMP risks, as follows:

SoCalGas Cross-Functional Factor Volume	
Chapter	Subject
SCG-CFF-1	Asset and Records Management
SCG-CFF-2	Energy Resilience
SCG-CFF-3	Emergency Preparedness and Response and Pandemic
SCG-CFF-4/SDG&E-CFF-4	Foundational Technology Systems
SCG-CFF-5	Physical Security
SCG-CFF-6	Safety Management System
SCG-CFF-7	Workforce Planning / Qualified Workforce

For awareness, SDG&E's concurrently filed application organizes the RAMP Risk and CFFs in its Report as follows:

SDG&E RAMP Risk Chapters	
Chapter	Subject
SDG&E-Risk-1	Wildfire Involving SDG&E Equipment
SDG&E-Risk-2	Electric Infrastructure Integrity
SDG&E-Risk-3	Incident Related to the High Pressure System (Excluding Dig-in)
SDG&E-Risk-4	Incident Involving a Contractor
SDG&E-Risk-5	Customer and Public Safety – Contact with Electric Equipment
SDG&E-Risk-6/SCG-Risk-6	Cybersecurity
SDG&E-Risk-7	Excavation Damage (Dig-In) on the Gas System
SDG&E-Risk-8	Incident Involving an Employee
SDG&E-Risk-9	Incident Related to the Medium Pressure System (Excluding Dig-in)

SDG&E Cross-Functional Factor Volume	
Chapter	Subject
Introduction	
SDG&E-CFF-1	Asset Management
SDG&E-CFF-2	Climate Change Adaptation, Energy System Resilience and GHG Emissions
SDG&E-CFF-3	Emergency Preparedness and Response and Pandemic
SDG&E-CFF-4/SCG-CFF-4	Foundational Technology Systems
SDG&E-CFF-5	Physical Security
SDG&E-CFF-6	Records Management
SDG&E-CFF-7	Safety Management System
SDG&E-CFF-8	Workforce Planning / Qualified Workforce

VI. STATUTORY AND PROCEDURAL REQUIREMENTS

SoCalGas files this Application according to D.18-12-014 and D.20-01-002, Section 701 of the Public Utilities Code, and Article 2 of the Commission’s Rules of Practice and Procedure.

A. Rule 2.1(A) - Legal Name

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

B. Rule 2.1(b) - Correspondence

Correspondence or communications, including any data requests, regarding this application should be addressed to:

Joseph M. McCawley
GRC Program Manager
SAN DIEGO GAS & ELECTRIC COMPANY
8326 Century Park Court
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C. Rule 2.1(c)

1. Proposed Category of Proceeding

In accordance with Rule 7.1, SoCalGas requests that this Application be categorized as ratesetting pursuant to Commission Rule of Practice and Procedure 1.3(e) and 7.1(e)(2).

2. Need for Hearings

SoCalGas does not believe that evidentiary hearings on SoCalGas's RAMP are necessary and notes that evidentiary hearings are not contemplated by the Commission's proceeding schedule in D.20-01-002.

3. Issues to be Considered

1. The Commission should adopt the Companies' proposed schedule for the Safety Policy Division (SPD)¹¹ or other appropriate Commission staff to evaluate and issue a report on SoCalGas's RAMP Report and for parties to file comments, consistent with the Rate Case Plan Decision's revised filing schedule¹²; and
2. The Commission should expeditiously close this proceeding upon such time as the SPD submits its report and parties have submitted all scheduled comments, in late December 2021, to permit SDG&E and SoCalGas the opportunity to consider SPD's evaluation and other parties' comments prior to the filing of the Companies' TY 2024 GRC applications in May 2022, consistent with the Rate Case Plan Decision's stated intent.¹³

4. Proposed Schedule

In accordance with the scheduling requirements set forth in the Rate Case Plan Decision, SoCalGas proposes the following schedule be adopted for this proceeding. D.14-12-025 also includes two public workshops in the RAMP schedule: one following a utility's RAMP submission and another following the issuance of the Commission staff report. Accordingly, SoCalGas provides a proposed schedule in accordance with the Rate Case Plan Decision and the events in D.14-12-025. SDG&E is also proposing the same schedule in its concurrently filed RAMP application, in anticipation of a consolidated proceeding.

¹¹ D.20-01-002 at Appendix B adopted a revised GRC application filing schedule, which included events related to RAMP. The revised schedule references a report on the utility's RAMP submission by the Safety and Enforcement Division (SED). Subsequent to the adoption of D.20-01-002, the Risk Assessment section that is responsible for this report has migrated from the Safety and Enforcement Division to the SPD. *See* Safety Policy Division Review of San Diego Gas & Electric's 2020 Safety Performance Metrics Submittal Pursuant to Decision 19-04-020 at 2, available: https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/Safety/Risk_Assessment/SPM/Evaluation%20of%20SDGandE's%202020%20Safety%20Performance%20Metrics%20Report.pdf.

¹² D.20-01-002 at 49, Table 3 ("Adopted Revised GRC Application Filing Schedule").

¹³ D.20-01-002 at 48 (stating the Commission's intent to "create additional time for SED and parties to complete their review of the utility's RAMP farther in advance of the subsequent GRC filing date, so that the utility has as much time as possible to meaningfully incorporate the results of this review in its GRC application.")

Proposed Procedural Schedule	
Event	Proposed Date
Application Filed	5/17/2021
Workshop on the Companies' Applications	6/15/2021
Protests or Responses	Approx. 6/16/2021
Reply to Protests or Responses	Approx. 6/28/2021
Prehearing Conference	July 2021
Assigned Commissioner Scoping Memo and Ruling	7/30/2021
SPD Staff Report	9/1/2021
Workshop on SPD Staff Report	9/15/2021
Opening Comments on Companies' Applications and SPD Report	11/15/2021
Reply Comments	12/1/2021
Companies file their respective Test Year 2024 GRC Applications	5/15/2022

D. Rule 2.2 - Articles of Incorporation

A copy of SoCalGas's 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 SoCalGas's Application (A.) 98-10-012, and is incorporated herein by reference.

VII. SERVICE

A copy of this Application has been served on the following service lists:

1. R. 20-07-013, Order Instituting Rulemaking to Further Develop a Risk-Based Decision-Making Framework for Electric and Gas Utilities;
2. A17-10-007 and A.17-10-008 (consolidated), SoCalGas's and SDG&E's 2019 General Rate Case Applications; and
3. I.19-11-010 and I.19-11-011 (consolidated) SoCalGas's and SDG&E's 2019 RAMP Order Instituting Investigation.

Pursuant to the Commission's *COVID-19 Temporary Filing and Service Protocol for Formal Proceedings*, paper copies of e-filed documents will not be mailed to Administrative Law Judges or to parties on the service lists. An electronic copy will be transmitted to the Chief Administrative Law Judge.

VIII. RELIEF SOUGHT

SoCalGas respectfully requests:

- The Commission direct the SPD to review SDG&E's and SoCalGas's RAMP Report and issue a report consistent with the requirements of D.14-12-025 and D.20-01-002; and
- The Commission expeditiously close this proceeding upon such time as the SPD submits its report and parties have submitted all scheduled comments, in late December 2021, to permit SDG&E and SoCalGas the opportunity to consider SPD's report and parties' comments prior to the Companies' filing of their upcoming TY 2024 GRC applications, in May 2022.

IX. CONCLUSION

SoCalGas respectfully requests that the Commission provide the relief sought in Section VIII above.

Respectfully submitted,

/s/ Elliott S. Henry

Elliott S. Henry

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May 17, 2021

OFFICER VERIFICATION

I, Deana M. Ng, declare the following:

I am an officer of Southern California Gas Company and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing **APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904-G) TO SUBMIT ITS 2021 RISK ASSESSMENT AND MITIGATION PHASE REPORT** are true to my own knowledge, except as to matters which are therein stated 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 on May 17, 2021, at Los Angeles, California.

By: /s/ Deanna M. Ng
Deana M. Ng