

**PUBLIC UTILITIES COMMISSION**

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SAN FRANCISCO, CA 94102-3298

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Ratesetting

TO PARTIES OF RECORD IN APPLICATION 23-11-003:

This is the proposed decision of Administrative Law Judge Elizabeth Fox. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's June 26, 2025, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke

Chief Administrative Law Judge

MLC: asf

Attachment

Decision **PROPOSED DECISION OF ALJ ELIZABETH FOX (Mailed 4/29/25)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California
Gas Company (U904G) for
Authorization to Recover Costs
Recorded in Its Catastrophic Event
Memorandum Account and Its
COVID-19 Pandemic Protections
Memorandum Account.

Application 23-11-003

**DECISION AUTHORIZING SOUTHERN CALIFORNIA GAS COMPANY
TO PARTIALLY RECOVER COSTS RECORDED IN ITS CATASTROPHIC
EVENT MEMORANDUM ACCOUNT AND ITS COVID-19 PANDEMIC
PROTECTIONS MEMORANDUM ACCOUNT**

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**DECISION AUTHORIZING SOUTHERN CALIFORNIA GAS COMPANY TO
PARTIALLY RECOVER COSTS RECORDED IN ITS CATASTROPHIC EVENT
MEMORANDUM ACCOUNT AND ITS COVID-19 PANDEMIC PROTECTIONS
MEMORANDUM ACCOUNT**

Summary

This decision authorizes partial recovery of costs recorded in Southern California Gas Company's Catastrophic Event Memorandum Account (CEMA) and COVID-19 Pandemic Protections Memorandum Account (CPPMA). The total capital expenditure/operations and maintenance costs authorized for recovery are as follows:

Account	Requested	Authorized
CEMA	\$55,024,762	\$15,859,744
Subaccount A – 2017 Winter Storms	\$442,961	\$442,961
Subaccount B – 2017 Wildfires	\$15,422,256	\$12,323,600
Subaccount C – 2018 Wildfires	\$1,104,125	\$1,104,125
Subaccount D – 2019 Winter Storms	\$1,989,058	\$1,989,058
Subaccount E – 2019 Wildfires	\$1,916,741	-
Subaccount F – COVID-19 Pandemic	\$34,149,622	-
CPPMA	\$3,371,462	\$3,371,462
TOTAL	\$58,396,224	\$19,231,206

Most of the disallowances are due to understatement of avoided costs in CEMA Subaccount F, which covers certain costs associated with the COVID-19 pandemic. This decision also authorizes recovery of \$2.068 million in waived charges and \$297,000 in interest expense associated with the CPPMA. Authorized costs will be recovered from customer classes using the Equal Cents Per Therm methodology on a 12-month schedule.

This proceeding is closed.

1. Background

1.1. Procedural Background

On November 3, 2023, Southern California Gas Company (SoCalGas) filed Application (A.) 23-11-003 for the recovery of costs associated with: (1) 16 events recorded in its Catastrophic Event Memorandum Account (CEMA) and (2) emergency customer protections in its COVID-19 Pandemic Protections Memorandum Account (CPPMA). SoCalGas submitted direct testimony on the same day.¹

On December 8, 2023, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), The Utility Reform Network (TURN), and Clean Energy filed protests to the Application. SoCalGas responded to these protests on December 18, 2023. Also on December 18, 2023, the Southern California Generation Coalition (SCGC) late-filed a protest to the proceeding and filed a motion the following day for approval of its late-filed protest. The Administrative Law Judge (ALJ) granted this motion in a ruling dated December 26, 2023.

On December 13, 2023, the ALJ issued a ruling setting a virtual prehearing conference (PHC) for January 9, 2024. This PHC addressed issues of law and fact, the need for an audit of the CEMA and CPPMA, the need for hearings, the schedule for resolving the matter, and other matters.

On February 8, 2024, the ALJ issued a ruling requesting additional information from SoCalGas regarding the CPPMA and six relevant subaccounts within the CEMA. The ruling directed SoCalGas to provide line-item accounting for its CEMA and CPPMA, justifying the incrementality of all line items over

¹ Exhibits SCG-01, SCG-02, SCG-03-E, SCG-04, SCG-05, and SCG-06.

\$500,000. On March 12, 2024, SoCalGas responded to the February 8, 2024 ALJ Ruling with Supplementary Testimony.²

On April 2, 2024, Clean Energy,³ TURN,⁴ and SCGC⁵ served direct testimony. Clean Energy,⁶ SCGC,⁷ and SoCalGas⁸ served rebuttal testimony on May 13, 2024. In this rebuttal testimony, Clean Energy requested the opportunity for surrebuttal testimony “to expand the record and inform the Commission’s assessment of the reasonableness of the costs recorded to the CEMA account.”⁹ On May 16, 2024, the ALJ issued a ruling amending the proceeding schedule and allowing surrebuttal testimony. On June 21, 2024, Clean Energy, SoCalGas, SCGC, and TURN (collectively, “Intervenors”) served surrebuttal testimony.

On June 3, 2024, TURN filed a Motion to Strike portions of SoCalGas’ testimony related to reprioritizing resources and funding during the COVID-19 pandemic. TURN argued these portions of text were out of scope and that their inclusion in the record could be prejudicial to other parties. Clean Energy and SoCalGas filed responses to TURN’s motion on June 10, 2024, with Clean Energy supporting TURN and SoCalGas disagreeing with TURN. The ALJ denied

² Exhibits SCG-07, SCG-08, and SCG-09.

³ Exhibit CLE-01.

⁴ Exhibits TURN-01, TURN-01-Atch1.

⁵ Exhibit SCGC-01.

⁶ Exhibit CLE-02.

⁷ Exhibit SCGC-02.

⁸ Exhibit SCG-10 and SCG-11.

⁹ Exhibit CLE-02 at 5.

TURN's motion without prejudice on June 14, 2024, on grounds that parties could address SoCalGas' claims in their pleadings.¹⁰

On July 3, 2024, Cal Advocates, Clean Energy, TURN, and SoCalGas filed a Joint Case Management Statement and Notification Regarding Rule 13.9 Meet and Confer. On July 10, 2024, the ALJ issued a ruling requiring additional information. Cal Advocates, Clean Energy, TURN, SCGC, and SoCalGas responded on July 16, 2024.

On August 9, 2024, Clean Energy, SCGC, SoCalGas, and TURN filed motions to admit evidence into the evidentiary record for this proceeding. On September 3, 2024, the ALJ granted the motions and admitted exhibits into evidence.

On August 29, 2024, Cal Advocates, Clean Energy, SCGC, SoCalGas, and TURN filed opening briefs. On September 18, 2024, the ALJ filed a ruling requesting additional information from SoCalGas; SoCalGas responded on September 25, 2024. In a September 23, 2024 email, Clean Energy requested an extension of time for reply briefs in response to the ALJ Ruling and the ALJ partially granted this request. Clean Energy, SCGC, SoCalGas, and TURN filed reply briefs on October 4, 2024.

1.2. Factual Background

SoCalGas' request for cost recovery amounts to a total of nearly \$58.4 million, as shown in Table 1,¹¹ plus interest of about \$3.4 million.¹² This includes

¹⁰ Administrative Law Judge's Ruling Denying Motion to Strike Testimony.

¹¹ Exhibits SCG-03 at LH-6, SCG-07, and SCG-08.

¹² Exhibit SCG-05.

a total of over \$55 million for six subaccounts in the CEMA account and over \$3.37 million for the CPPMA.

Table 1: Cost Recovery Request by Account¹³

Account	Capital Expenditure (Capex)	Operations and Maintenance (O&M)	Interest	Total
CEMA	\$14,213,130	\$40,811,632	\$3,088,000	\$58,112,762
Subaccount A – 2017 Winter Storms	\$255,582	\$187,379	\$32,000	\$474,961
Subaccount B – 2017 Wildfires	\$9,661,238	\$5,761,018	\$908,000	\$16,330,256
Subaccount C – 2018 Wildfires	0	\$1,104,125	\$97,000	\$1,201,125
Subaccount D – 2019 Winter Storms	\$1,910,271	\$78,787	\$54,000	\$2,043,058
Subaccount E – 2019 Wildfires	\$626,881	\$1,289,859	\$150,000	\$2,066,740
Subaccount F – COVID-19	\$1,759,158	\$32,390,464	\$1,847,000	\$35,996,622
CPPMA	0	\$3,371,462	\$297,000	\$3,668,462
TOTAL	\$14,213,130	\$44,183,094	\$3,385,000	\$61,781,224

SoCalGas requested recovery within the CEMA for subaccounts that tallied expenses related to: 1) winter storms in 2017 and 2019; 2) wildfires in 2017, 2018, and 2019;¹⁴ and 3) certain costs associated with the COVID-19 pandemic. Separately, SoCalGas requested recovery of costs associated with billing-related protections for residential and small business customers impacted by the COVID-19 pandemic in the CPPMA.¹⁵

¹³ Capex and O&M values are calculated using information provided in Exhibits SCG-07 and SCG-08. Interest values are from Exhibit SCG-05, Table RR-1.

¹⁴ The 2017 wildfires were Thomas, Creek and Rye, and Skirball. The 2018 wildfires were Woolsey and Hill. The 2019 wildfires were Sandalwood, Saddleridge, Eagle, Reche, Wolf, Tick, Getty, and Easy.

¹⁵ Application at 4.

SoCalGas separated these accounts by capex¹⁶ and O&M costs.

SoCalGas provided the following information in prepared testimony submitted with the Application:

- Narrative explanations of its responses to the winter storms, wildfires and COVID-19 pandemic;¹⁷
- An explanation of its accounting practices for the CEMA;¹⁸
- A description of the CPPMA and SoCalGas' activities and costs associated with the CPPMA;¹⁹
- A summary of SoCalGas' CEMA and CPPMA Revenue Requirement request;²⁰ and
- An explanation of anticipated rate impacts from this request, including a proposal to allocate costs among customer classes using the Equal Cents Per Therm (ECPT) methodology.²¹

In supplemental testimony, SoCalGas supplied more detailed accounting for its CEMA and CPPMA and included narrative justifications for all line items valued at over \$500,000.²² A table with line items included in the capex and O&M request is in Appendix A.

¹⁶ In filings, SoCalGas refers to these expenses using the terms "capital," "capital expenditure," and "capex." We uniformly use the term "capex."

¹⁷ Exhibit SCG-01 addressed SoCalGas' responses to the 2017 and 2019 winter storms and the wildfires in 2017, 2018, and 2019. Exhibit SCG-02 addressed SoCalGas' response to the COVID-19 pandemic.

¹⁸ Exhibit SCG-03-E.

¹⁹ Exhibit SCG-04.

²⁰ Exhibit SCG-05.

²¹ Exhibit SCG-06.

²² Exhibit SCG-07 and SCG-08. Line items are defined as each entry in SoCalGas' internal accounting system for each relevant Subaccount.

In opening testimony, TURN presented evidence that SoCalGas had erroneously charged categories of costs to its CEMA account rather than to its revenue requirement in its then-current General Rate Case (GRC).²³ Parties responded to this claim and others in rebuttal and surrebuttal testimony, opening briefs and reply briefs.

Clean Energy and SCGC each presented arguments regarding allocation of costs among customer classes. SoCalGas responded to these arguments.

1.3. Submission Date

This matter was submitted on October 4, 2024, upon submission of reply briefs.

2. Issues Before the Commission

The issues considered with respect to the 16 CEMA events and the CPPMA are:

1. Whether SoCalGas' total CEMA and CPPMA expenses and capital costs are incremental, reasonable, and recoverable.
2. Whether the Commission should authorize the recovery of depreciation, return, and taxes that SoCalGas expensed and will expense in its CEMA and CPPMA through 2027.
3. Whether the Commission should authorize SoCalGas to incorporate any remaining capital-related costs in its CEMA or CPPMA into its test year 2028 General Rate Case.
4. Whether the Commission should authorize SoCalGas' cost allocation methodology for the CEMA and CPPMA.
5. Whether there are any impacts on environmental and social justice communities, and whether they impact the achievement of any of the nine goals of the Commission's Environmental and Social Justice (ESJ) Action Plan.

²³ Exhibit TURN-01.

3. Principles of CEMA and CPPMA Review

The Commission used the following standard of review when considering whether to authorize SoCalGas' recovery of costs from the CEMA and CPPMA. This background is included in the Scoping Memo for this proceeding.

3.1. Burden of Proof

On July 24, 1991, the Commission adopted Resolution (Res.) E-3238 to create the framework for public utilities to establish a CEMA to record costs incurred for future cost recovery related to catastrophic events. Res. E-3238 provides:

The Commission will examine closely all costs recorded in a utility's catastrophic event memorandum account before allowing their recovery in customers' rates. While costs incurred for repairs may well be significant, they may not necessarily all be properly recoverable from ratepayers.²⁴

Res. E-3238 also established that the burden is on the utility to make a request for cost recovery, prove the costs incurred are reasonable, and obtain approval from the Commission before costs may be recovered and placed in rates.²⁵ The applicant has the burden of affirmatively establishing the reasonableness of all aspects of its application.²⁶ Recovery in rates is not guaranteed by the creation of and booking into memorandum accounts and parties have the opportunity to review the costs included.²⁷

²⁴ Res. E-3238 at 2-3.

²⁵ Res. E-3238 Ordering Paragraph (OP) 3.

²⁶ Decision (D.) 09-03-025 at 8; D.06-05-016 at 7.

²⁷ Res. E-3238 Finding 4.

The Commission has held that the standard of proof the applicant must meet in rate cases is that of a preponderance of the evidence.²⁸ Preponderance of the evidence usually 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

3.2. Reasonableness Review

Res. E-3238 was codified in 1994 by the California Legislature in Senate Bill (SB) 1456 (Stats. 1994, ch. 1156), adding Subsection (a) of Public Utilities (Pub. Util.) Code Section 454.9. Subsection (b) of Pub. Util. Code Section 454.9 allows a utility to recover costs in base rates following a reasonableness review and approval thereafter by the Commission.

3.3. Incrementality

In D.01-02-075, the Commission required that the utility seeking cost recovery establish incrementality.³⁰ D.23-02-017 noted that incrementality of costs is a standard requirement for recovery of memorandum accounts. Traditionally, memorandum accounts are for matters not included in GRC forecasts, like emergency events or new and costly regulatory obligations that arose between GRC proceedings.³¹ The decision also noted that wildfire mitigation is critical to the state’s overall efforts to prevent catastrophic wildfires, but it is also critical that ratepayers are not charged twice for the same work or capital expenditures.³² The Commission further stated:

²⁸ D.19-05-020 at 7; D.15-11-021 at 8-9; D.14-08-032 at 17.

²⁹ D.08-12-058 at 19, citing Witkin, Calif. Evidence, 4th Edition, Vol. 1 at 184.

³⁰ D.01-02-075 at 13.

³¹ D.23-02-017 at 22.

³² D.23-02-017 at 23.

Generally, costs are incremental if, in addition to completing the planned work that underlies the authorized costs, the utility had to procure additional resources, be they in labor or material, to complete the new activity. The existence and completion of a new activity by itself does not prove the cost was incremental. If a new activity is completed by redirecting existing resources in a related work category, no incremental cost was incurred, despite the activity itself being “incremental.”³³

The Commission also held in a CEMA proceeding that costs are incremental when “the costs are in addition to amounts previously authorized to be recovered in rates.”³⁴

3.4. CPPMA Considerations

On April 16, 2020, the Commission adopted Res. M-4842 ratifying directions to utilities provided by the Commission’s Executive Director on March 17, 2020, to apply customer protection measures during the pendency of the COVID-19 pandemic. It named electric and gas utilities subject to its provisions, including SoCalGas, and listed the applicable emergency customer protections for electric and gas utility customers.³⁵

For recovery of expenses reasonably incurred while complying with the Resolution, each electric and gas utility subject to the Resolution was required to establish a CPPMA to book only those costs associated with protections ordered by the Resolution.³⁶ Commission staff is afforded an opportunity to review any incremental expense associated with this Resolution.³⁷

³³ D.23-02-017 at 27.

³⁴ D.21-08-024 at 12, citing Res. E-3238 at 2-3.

³⁵ Res. M-4842 at 4-6.

³⁶ Res. M-4842 at 6.

³⁷ Res. M-4842 at 6.

4. Need for Audit

At various times in this proceeding, Clean Energy and Cal Advocates expressed concerns about the lack of an audit of SoCalGas' CEMA and CPPMA in this proceeding.³⁸ We address these concerns here and find that the Commission appropriately reviewed each account to determine whether cost recovery requests were incremental, reasonable and recoverable.

At the PHC for this proceeding, we asked parties to provide feedback on whether the Commission should:

require an audit of the CEMA and CPPMA to develop a sufficiently robust record to determine whether the costs in question are incremental, reasonable and recoverable and whether any audit of the application should be conducted by either a third-party or the Commission's Utility Audits Branch.³⁹

At that time, SoCalGas stated that it was not opposed to an audit if the Commission determined it to be necessary. If the Commission did order an audit, SoCalGas stated a preference for a third-party auditor, which would likely complete an audit most quickly. No other party at the PHC commented on the need for an audit, other than TURN, which only commented on the need for the proceeding schedule to accommodate time for an audit, if the Commission required one.

The Scoping Memo for this proceeding did not direct a formal audit, given lack of stated support for an audit at the PHC. On March 5, 2024, Cal Advocates filed an *ex parte* communication notice in this proceeding that indicated it did not

³⁸ Exhibit CLE-02 at 4-6, Exhibit CLE-03 at 2, 12-13; Clean Energy Opening Brief at 1-2, 19-22; Clean Energy Reply Brief at 2-7; Cal Advocates Opening Brief at 6.

³⁹ PHC Transcript at 7.

have sufficient time to perform an audit. To date, no party formally requested an audit, such as by motion, pursuant to Rule 11.1.

Nonetheless, Cal Advocates and Clean Energy raised concerns in their briefs about the lack of an audit, noting that the Commission can deny recovery of CEMA expenditures where a utility fails to make a sufficient showing of a broad independent review of its claims and fails to affirmatively demonstrate reasonableness.

We strongly agree with party concerns about the need to strengthen monitoring of utility costs and provide greater transparency when authorizing rate changes.⁴⁰ For this reason, the ALJ issued three rulings requesting additional information, including two that required SoCalGas to justify each line item in its CEMA and CPPMA accounts. We independently reviewed each line item, and we provided time for parties to do the same and to conduct discovery when needed. Our findings are further detailed below.

We disagree with Cal Advocates and Clean Energy that the lack of a formal audit is grounds for denying all cost recovery, however. Whereas Cal Advocates cites “limited and weak information in the evidentiary record” to justify cost recovery,⁴¹ we see sufficient support for certain portions of SoCalGas’ claims, as detailed below.

5. Procedure to Establish CEMA Accounts

SoCalGas must demonstrate it complied with the required procedures when establishing the six CEMA subaccounts and in recording its incurred costs, as set forth in Resolution E-3238. This includes providing proper notification to

⁴⁰ See, for example, Clean Energy Opening Brief at 20, citing Auditor of the State of California, Report on Electricity and Natural Gas Rates, Aug. 29, 2023.

⁴¹ Cal Advocates Opening Brief at 5.

the Commission's Executive Director and assessing interest, and in complying with Pub. Util. Code Section 454.9, including limiting any request for recovery to approved categories of activities.

5.1. Notification of Commission's Executive Director

Pursuant to Resolution E-3238, SoCalGas notified the Executive Director of the Commission by letter it had established CEMA subaccounts to record costs associated with each of the 16 CEMA events described herein.

Table 2: Executive Director Notifications

Subaccount	Executive Director Notification(s)
A – 2017 Winter Storms	April 5, 2017
B – 2017 Wildfires (Thomas, Creek/Rye, Skirball)	January 4, 2018 and January 24, 2018
C – 2018 Wildfires (Hill and Woolsey)	December 10, 2018
D – 2019 Winter Storms	March 25, 2019
E – 2019 Wildfires (Saddleridge, Eagle, Sandalwood, Reche, Wolf, Tick, Getty, and Easy)	November 12, 2019
F – COVID-19	March 17, 2020 ⁴²

The letters stated that the events had been declared a state of emergency by the federal and/or state governments. Upon submission of letters of notification to the Executive Director, the Commission authorized SoCalGas to record to CEMA appropriate costs incurred because of these catastrophic events. SoCalGas stated that it followed this procedure.⁴³ No party contested this matter.

Accordingly, the Commission finds that SoCalGas properly followed the Commission-approved procedure that requires notification to the Commission's

⁴² Exhibit SCG-02 at 5.

⁴³ Exhibit SCG-01; Exhibit SCG-02 at 5.

Executive Director and Commission approval when establishing the six CEMA subaccounts under review in this proceeding.

5.2. Recording Costs

SoCalGas filed tariffs regarding the procedural steps required to establish and record costs in CEMA accounts, and those tariffs have been approved by the Commission.⁴⁴ SoCalGas is authorized to record to its CEMA account expense and capital-related costs associated with restoring utility services to customers following an event declared as a disaster and repairing, replacing, or restoring utility facilities damaged by the disaster. According to its tariff, interest on those costs is accrued on the average monthly CEMA balance at a rate equal to one-twelfth the interest rate on Commercial Paper (prime, 3-month) for the previous month, as reported in the Federal Reserve Statistical Release, G.13, or its successor. SoCalGas complied with the requirements of its Commission-approved tariffs in establishing the six CEMA subaccounts, including the assessment of interest. No party contested this matter.

Accordingly, the Commission finds that SoCalGas properly recorded costs including interest consistent with its Commission-approved tariffs and other applicable regulations.

5.3. Specific Costs & Activities Related to Catastrophic Events per Section 454.9

Pub. Util. Code Section 454.9(a) provides that utilities are authorized to record costs for the utility to conduct the following activities in a CEMA account: (1) restore service to customers, (2) repair, replace, or restore damaged facilities, and (3) comply with governmental agency orders in connection with events declared disasters by competent state or federal authorities. The use of the

⁴⁴ SoCalGas Preliminary Statement, Part VI, CEMA, effective October 26, 2023.

phrase “cost associated with catastrophic events” in Section 454.9(b) affirms that the utility must establish a direct connection between the utility’s requested costs and the “declared disaster” by competent state or federal authorities.⁴⁵

The Commission expanded upon this required connection in D.07-07-041, denying the utility’s request for CEMA cost recovery because of “no *direct link* between the agricultural impacts [livestock loss due to high temperatures] that led to the USDA’s [United States Department of Agriculture’s] declaration and the costs that PG&E incurred to restore service [i.e., infrastructure repairs].”⁴⁶ In other words, the events addressed in the government’s declared disaster must have a “direct link” to the costs requested by the utility in a CEMA account.

6. Wildfire and Winter Storm Costs in CEMA

For the 2017 and 2019 winter storms and 2017-2019 wildfires, we grant partial cost recovery of capex and O&M costs claimed by SoCalGas. When considering whether to authorize cost recovery, we used the standard of review provided in the Scoping Memo, which addressed the burden of proof, reasonableness review, and incrementality.⁴⁷

⁴⁵ Pub. Util. Code Section 454.9 provides: “(a) The commission shall authorize public utilities to establish catastrophic event memorandum accounts and to record in those accounts the costs of the following: (1) Restoring utility services to customers. (2) Repairing, replacing, or restoring damaged utility facilities. (3) Complying with governmental agency orders in connection with events declared disasters by competent state or federal authorities. (b) The costs, including capital costs, recorded in the accounts set forth in subdivision (a) shall be recoverable in rates following a request by the affected utility, a commission finding of their reasonableness, and approval by the commission. The commission shall hold expedited proceedings in response to utility applications to recover costs associated with catastrophic events.” (Added by Stats. 1994, ch. 1156, Sec. 1. Effective September 30, 1994.)

⁴⁶ D.07-07-041, Opinion Denying Application, In Part (July 26, 2007) at 19. (Emphasis added.)

⁴⁷ We focused our initial review on line items with reported incremental costs of \$500,000 or more. For each of these line items, SoCalGas provided a narrative account of why each cost is incremental in Exhibits SCG-07 and SCG-08.

6.1. Background

SoCalGas requested recovery of the following capex and O&M costs in its CEMA subaccounts A to E:

Table 3: Cost Recovery Request

CEMA Subaccount	Capex	O&M	Total
A – 2017 Winter Storms	\$255,582	\$187,379	\$442,961
B – 2017 Wildfires	\$9,661,238	\$5,761,018	\$15,422,256
C – 2018 Wildfires	0	\$1,104,125	\$1,104,125
D – 2019 Winter Storms	\$1,910,271	\$78,787	\$1,989,058
E – 2019 Wildfires	\$626,881	\$1,289,859	\$1,916,741

When considering whether to authorize cost recovery, we weigh the burden of proof, reasonableness review, and incrementality as discussed in Section 3 and in the Scoping Memo for this proceeding.⁴⁸

Upon review, we find a portion of these costs to meet SoCalGas’ burden of proof, to be incremental, and to be reasonable. We summarize the results of this review in Table 4 below and provide additional detail in the sections that follow.

Table 4: Standard of Review

CEMA Subaccount	Met Burden of Proof	Reasonable	Incremental
A – 2017 Winter Storms	Yes	Yes	Yes
B – 2017 Wildfires	Partially	Partially	Partially
C – 2018 Wildfires	Yes	Yes	Yes
D – 2019 Winter Storms	Yes	Yes	Yes
E – 2019 Wildfires	No	No	No

6.2. Subaccount A — 2017 Winter Storms

In CEMA Subaccount A, SoCalGas requested recovery of \$442,961 in capex and O&M costs associated with multiple rainstorms that occurred in January and

⁴⁸ Scoping Memo at 2-4.

February 2017. We authorize recovery of the full \$255,582 for capex and \$187,379 for O&M expenses that SoCalGas claimed.

6.2.1. Background

The 2017 winter storms caused flash flooding, erosion, mudslides, and road damage for counties in SoCalGas' service territory, including Los Angeles, San Bernardino, Orange, Tulare, Kings, San Luis Obispo, Kern, Santa Barbara, Ventura, and Fresno.⁴⁹

SoCalGas stated that its distribution and transmission systems and storage facilities incurred damage during these storms. According to SoCalGas, the damage disrupted field operations by restricting road access to field equipment, such as piping, well sites, and processing plants. Emergency response was required to keep onsite personnel safe and continue with normal operations. Restoration efforts included the use of SoCalGas employees as well as contract crews working to inspect and repair pipeline exposure, backfill and culvert rainwater, and to add soil over shallow pipe to protect assets from heavy equipment.⁵⁰

SoCalGas stated that its claims were for costs incurred to provide immediate repairs and emergency services. These included pipeline exposures and storage field operations, which required pipe inspection, excavation, coating, drainage, repair work, and other road work, as well as standby time and emergency response.

⁴⁹ Exhibit SCG-01 at LA-3.

⁵⁰ Exhibit SCG-01 at LA-5 to LA-6.

6.2.2. Discussion

No party protested costs that SoCalGas claimed for Subaccount A. We have reviewed the line items in SoCalGas' request and find that each line item is reasonable, incremental, and meets the burden of proof. We found that these accounts are consistent with SoCalGas' revenue requirement request. We therefore allow recovery of all costs in Subaccount A.

6.3. Subaccount B — 2017 Wildfires

SoCalGas requested \$15,422,256 in cost recovery for Subaccount B, which covers four wildfires that occurred in SoCalGas' territory starting in early December 2017. This request includes \$9,661,238 in capex and \$5,761,018 in O&M expenses. We authorize recovery of \$9,240,731 in capex and \$3,098,656 in O&M expenses, as detailed below. These authorized values deduct costs that SoCalGas labeled in supplemental testimony as associated with 2018 Santa Barbara storms⁵¹ without describing the connection between these costs and the 2017 wildfire events detailed in the Application.

6.3.1. Background

SoCalGas' cost recovery request covers the Thomas, Creek, Rye, and Skirball fires, which all started from December 4 to December 6, 2017. The Thomas Fire took place in Ventura and Santa Barbara Counties, consumed more than 1,000 structures, and led to mudslides in Montecito that killed 23 people and destroyed dozens of homes. The Governor declared a State of Emergency due to the fire.⁵²

⁵¹ Exhibits SCG-07 and SCG-08, tab "Sub B - Cap" and "Sub B - O&M" show 26 line items marked as "SB 2018 STORM."

⁵² Exhibit SCG-01, citing to Office of Governor Edmund G. Brown Jr., "Governor Brown Declares State of Emergency in Santa Barbara County, Requests Presidential Emergency Declaration for Southern California Fires," December 7, 2017.

The Creek Fire, which burned in the Angeles National Forest, destroyed 123 structures, including 60 homes. During the wildfire, 115,000 residents were forced to evacuate their homes.

The Rye Fire, in Santa Clarita, threatened over 5,000 structures and impacted traffic on Interstate 5. It burned a total of 6,049 acres and destroyed six buildings, including minor structures located at the Peter J. Pitchess Detention Center. Governor Brown proclaimed a State of Emergency for Los Angeles County due to the Creek and Rye Fires on December 5, 2017.⁵³

The Skirball Fire in Los Angeles caused the closure of Interstate 405 and Sepulveda Boulevard. The fire destroyed six structures and damaged 12 others. When the Skirball Fire began, the County of Los Angeles was already under a State of Emergency due to the Creek and Rye Fires.⁵⁴

In response to the fires, SoCalGas stated that it monitored its pipeline facilities and coordinated response efforts with Fire Unified Command.⁵⁵ SoCalGas activated its Emergency Operation Center (EOC) to coordinate its company-wide response and recovery efforts.⁵⁶ SoCalGas said it worked with first responders and other authorities in affected areas and responded by shutting off gas service to approximately 1,500 customers. SoCalGas said that more than 350 of its field representatives worked alongside first responders to quickly restore service to the over 1,000 homes directly affected by the fires.

⁵³ Exhibit SCG-01, citing to Office of Governor Edmund G. Brown Jr., “Governor Brown Declares State of Emergency in Los Angeles County Due to Creek and Rye Fires,” December 5, 2017.

⁵⁴ Exhibit SCG-01 at LA-11.

⁵⁵ Exhibit SCG-01 at LA-12.

⁵⁶ Exhibit SCG-01 at LA-12 to LA-13.

For the Thomas Fire, SoCalGas stated that over 300 gas operations and customer services field representatives closed over 200 service valves at gas meters and abandoned over 200 services in the case where homes or structures had been burned. According to SoCalGas, the wildfires also damaged portions of its distribution and transmission systems, storage facilities, and caused disruption to field operations.

According to SoCalGas, the Honor Rancho Storage Facility in Santa Clarita received minimal damage by the Rye Fire, including burning of surrounding brush and some damage to vehicles and other mobile equipment. However, the facility was still operational “with only a slight capacity impact.” Emergency response teams were responsible for keeping onsite personnel safe and continuing with normal operations. SoCalGas provided efforts to repair, replace, or restore utility facilities damaged by the wildfires throughout the service territory.⁵⁷

6.3.2. Discussion

We have reviewed the line items in SoCalGas’ request and found that some line items charged are inconsistent with SoCalGas’ cost recovery request. For example, in line-item accounting for Subaccount B, various items are labeled “SB-2018 STORM,” referring to a 2018 Santa Barbara storm.⁵⁸ The narrative in the Application does not discuss a 2018 Santa Barbara storm in the context of the 2017 wildfires. We see no additional justification for the inclusion of these expenses in an account for 2017 wildfires. Therefore, we have disallowed

⁵⁷ Exhibit SCG-01 at LA-12 to LA-13.

⁵⁸ Response of Southern California Gas Company to Administrative Law Judge’s Ruling Requesting Additional Information, September 25, 2024, at 6-9.

Exhibit SCG-07/SCG-08, Spreadsheet tabs “Sub-B – Cap” and “Sub-B O&M.”

\$420,506 in capex and \$2,678,149 in O&M expenses – a total of \$3,098,656 – on grounds that there was an insufficient showing of reasonableness for recovery of costs with the “SB-2018 STORM” label.

6.4. Subaccount C — 2018 Wildfires

For CEMA Subaccount C, SoCalGas sought recovery of \$1,104,125 in O&M expenses associated with the Woolsey and Hill Fires. Upon review, we find that the application met the burden of proof, is reasonable, and is incremental. We therefore authorize recovery of these expenses.

6.4.1. Background

The Woolsey Fire started on November 8, 2018, near the boundary between Los Angeles and Ventura Counties, and burned 96,949 acres. About 1,500 structures were destroyed, 341 structures damaged, and there were three fatalities. The fire was contained on January 4, 2019. The Hill Fire also started on November 8, 2018 in Ventura County. The fire burned 4,381 acres, destroyed four structures, and damaged four others. The fire was contained on January 4, 2019.

In response to the 2018 wildfires, SoCalGas stated in its Application that it had over 200 company field employees working alongside first responders to make affected areas safe and to help affected communities. This included assessing damage, performing work on service lines at destroyed buildings, and restoring gas services in repopulated areas. SoCalGas activated its Emergency Operation Center in response to the 2018 Wildfires.

SoCalGas stated that it worked closely with first responders and other authorities in areas affected by the wildfires and responded by shutting off gas service to almost 1,400 customers. The fires destroyed and severely damaged at least 500 customers’ homes to the point that gas service abandonment was necessary. In addition, approximately 900 customers’ homes required service

restoration. SoCalGas field representatives worked with first responders to restore service to homes directly affected by the fires.

The wildfires also damaged portions of SoCalGas' distribution system and caused disruption to field operations. Emergency response teams were responsible for keeping onsite personnel safe while also continuing with normal operations. SoCalGas stated that it had incurred costs as a result of the Woolsey and Hill fires related to service replacement, meter replacement, main repair and paving. SoCalGas stated that it provided efforts to repair, replace, or restore utility facilities damaged by the wildfires.

6.4.2. Discussion

No party protested costs that SoCalGas claimed for Subaccount C. We have reviewed the line items in SoCalGas' request and find that the line items charged are consistent with SoCalGas' revenue requirement request, meet the burden of proof, and are reasonable and incremental. We therefore allow recovery of all costs in Subaccount C.

6.5. Subaccount D — 2019 Winter Storms

SoCalGas recorded in Subaccount D a total of \$1,910,271 in capex and \$78,787 in O&M costs associated with a series of "atmospheric river" storm events that occurred from January to February 2019. Upon review, we find all of these expenses to be incremental and reasonable and authorize recovery of the full cost request.

6.5.1. Background

The 2019 winter storms caused flash flooding, erosion, and flows of mud and debris. There were also evacuation and road closures in Riverside, Burbank, parts of Ventura County and Santa Barbara County.

According to SoCalGas, the 2019 winter storms required activation of SoCalGas' Emergency Operation Center, field response and restoration work. The Emergency Operation Center was activated due to the mandatory evacuation of the Holy Fire burn area and the heavy rain that was expected throughout the service territory. Emergency Management partnered with other departments to monitor the affected burn areas. SoCalGas developed and enacted plans to minimize potential impacts to its gas system.

According to the Application, the significant rain from these winter storms caused earth movement in several locations along SoCalGas' rights-of-way that resulted in pipeline exposure in Santa Barbara, Ventura, and San Diego Counties. These included locations along Lines 1005, 1003, 1004, and 1026.

SoCalGas partnered with the Santa Barbara County Office of Emergency Management to implement the operational response protocol for Line 1005 to minimize potential impacts to the gas system during inclement weather. Due to weather conditions in Santa Barbara County, SoCalGas enacted plans to minimize risk to the natural gas transmission system that runs near the coast in that county. As part of the plan, SoCalGas reduced pressure along a 14-mile stretch of transmission pipeline that runs from roughly Santa Barbara to Carpinteria. In Ventura County and San Diego County, pipeline locations required exposure remediation, erosion mitigation, and pipeline relocation.

6.5.2. Discussion

We have reviewed the line items in SoCalGas' request and find that the line items charged are consistent with SoCalGas' revenue requirement request, meet the burden of proof, and are reasonable and incremental. We therefore allow recovery of all costs in Subaccount D.

6.6. Subaccount E — 2019 Wildfires

SoCalGas seeks \$1,916,741 in cost recovery for Subaccount E, which is associated with eight wildfires that burned from October to November 2019 in Riverside, Los Angeles, and Ventura Counties. We find that none of the cost requests for Subaccount E are incremental or reasonable, since SoCalGas' narrative account was inconsistent with the line-item expenses claimed.

6.6.1. Background

The Sandalwood Fire occurred from October 10 to October 14, 2019 in Calimesa, in Riverside County. Most of the damage occurred in the Villa Calimesa mobile home park, and the fire also threatened the nearby railway, power grid, and a second mobile home park in the area. The fire burned 1,011 acres, destroyed 74 structures, and damaged 16 structures. SoCalGas reported no specific changes to its operations as a result of this fire.

The Saddleridge Fire took place from October 10 to October 31, 2019, burned 8,799 acres, and resulted in eight injuries and one fatality. The wildfire ignited in Sylmar and threatened thousands of structures throughout the Sylmar, Porter Ranch, and Granada Hills communities. Interstate 210 and Interstate 5 closed due to the fire and the Aliso Canyon Storage Facility was evacuated. According to SoCalGas, damage from this fire "did not impact operations at the field."⁵⁹

The Eagle Fire burned 9 acres in Riverside County on October 10, 2019.

The Reche Fire burned 350 acres in Riverside County from October 10 to 13, 2019.

⁵⁹ Exhibit SCG-01 at LA-20.

The Wolf Fire burned 75 acres from October 10 to 12, 2019 in Riverside County.

The Tick Fire in Santa Clarita occurred from October 24 to 31, 2019. The fire caused the evacuation of 40,000 residents, consumed 4,615 acres, destroyed 22 structures, and damaged 27 additional structures.

The Getty Fire occurred in SoCalGas' territory from October 28 to November 5, 2019 and burned 745 acres in Brentwood. The fire destroyed 10 homes and damaged 15 residences.

The Easy Fire started on October 30, 2019, threatening 7,000 homes. The Easy Fire burned 1,806 acres in Simi Valley and was contained on November 2, 2019.

On October 11, 2019, Governor Newsom issued an emergency proclamation for Los Angeles and Riverside Counties due to the Saddleridge, Eagle, Sandalwood, Reche, and Wolf fires. Governor Newsom issued an emergency proclamation for Los Angeles County due to the Tick Fire on October 25, 2019. On October 27, 2019, Governor Newsom issued an emergency proclamation for the entire State of California due to the extreme fire conditions, identifying 43 counties as experiencing fire weather conditions and affiliated red flag warnings. The Getty and Easy fires were among the various fires resulting from those conditions.

SoCalGas stated that it created contingency plans that could be implemented "if called upon," and that all on-call operational teams were notified and ready to respond. For example,

- SoCalGas' human resources team contacted employees impacted by the fires and worked with first responders to support public safety.

- SoCalGas worked closely with first responders and other authorities in the areas affected by the wildfires.
- SoCalGas crews responded to isolate gas service to severely damaged or destroyed homes and were on standby ready to isolate portions of its system at the request of the fire department.
- Personnel were prepared to support customer needs as they were raised.
- The operational teams completed assessments, including at the Aliso Canyon Storage Facility which was under evacuation order due to the Saddleridge Fire.
- The Gas Operations team conducted special leak surveys on all streets that were impacted by the fires.

In addition, crews worked with first responders and customers to conduct restores in affected areas, and SoCalGas activated its Emergency Operation Center to assist with coordination of internal departments and external agencies.

6.6.2. Discussion

No party protested costs that SoCalGas claimed for Subaccount E. We have reviewed the line items in SoCalGas' request and found that the line items recorded in Subaccount E were inconsistent with the narrative account of the CEMA event in testimony.⁶⁰

Whereas the narrative account provided no information about changes to field operations associated with the 2019 wildfires, the claimed line items included over \$400,000 in costs associated with materials such as gas polyethylene pipe, petroleum products, and valves.⁶¹ In addition, there are

⁶⁰ Exhibit SCG-01 at LA-17 to LA-29.

⁶¹ Exhibit SCG-07. See also Appendix A, Subaccount E.

various line items associated with contractors, yet no contractors are mentioned in SoCalGas's narrative regarding the 2019 wildfires.

In addition, SoCalGas' narrative about its response to the 2019 wildfires focused on the utility's "contingency plans."⁶² However, SoCalGas provided no information that directly linked the activities associated with its contingency plans to the line items claimed or to the declared disaster.

We therefore find that SoCalGas did not meet the burden of proof to properly recover costs associated with this account and disallow recovery of all costs in Subaccount E.

7. COVID-19 Costs in CEMA — Subaccount F

SoCalGas requested recovery of approximately \$34 million in CEMA costs associated with the COVID-19 pandemic.⁶³ When considering whether to authorize cost recovery, we used the standard of review provided in the Scoping Memo, which addresses the burden of proof, reasonableness review, and incrementality.⁶⁴

In addition, we considered TURN's argument that SoCalGas had mischaracterized various costs within its GRC proceeding⁶⁵ and responses from other parties to TURN's argument. TURN initially requested that a total of \$26.755 million in avoided costs associated with the COVID-19 pandemic be credited against SoCalGas' recorded CEMA costs.⁶⁶ In response, SCGC argued that TURN's avoided cost estimates were too low and that the Commission

⁶² Exhibit SCG-01 at LA-28 to LA-29.

⁶³ Exhibit SCG-07.

⁶⁴ Scoping Memo at 2-4.

⁶⁵ A.22-05-015/A.22-05-016.

⁶⁶ Exhibit TURN-01.

should not authorize cost recovery for any incremental COVID-19 expenses in SoCalGas' CEMA account.⁶⁷ Cal Advocates, Clean Energy, and TURN ultimately agreed with SCGC that the Commission should not authorize any cost recovery for Subaccount F.⁶⁸

We are persuaded by the intervenors' argument for reasons described in this section. Having reviewed each line item for reasonableness, incrementality, and meeting the burden of proof, we disallow cost recovery for CEMA Subaccount F.

7.1. Background

SoCalGas' cost recovery request for COVID-19-related expenses in CEMA Subaccount F amounted to \$34,149,622.⁶⁹ SoCalGas testimony detailed the company's response to the pandemic, and precautionary measures it took to protect the health, safety, and well-being of its employees, contractors, and customers.⁷⁰

7.1.1. O&M Activities

SoCalGas provided a detailed narrative of its O&M activities associated with the COVID-19 pandemic in direct testimony.⁷¹ Included in that narrative are accounts of costs for the following items:

- Employee and customer communications about procedures and policy changes resulting from the COVID-19 pandemic;

⁶⁷ Exhibit SCGC-02 at 4-5.

⁶⁸ Cal Advocates Opening Brief at 5; Exhibit CLE-03; Clean Energy Opening Brief at 2-7; Clean Energy Reply Brief at 3-11; SCGC Opening Brief at 2-11; SCGC Reply Brief at 2-5; TURN Opening Brief at 12; TURN Reply Brief at 1-2.

⁶⁹ Exhibit SCG-07.

⁷⁰ Exhibit SCG-02.

⁷¹ Exhibit SCG-02 at 6-28.

- Fleet vehicle rentals to ensure social distancing;
- Enhanced cleaning of facilities and vehicles;
- Provision of on-site COVID-19 testing, medical services, and medical supplies;
- Work from home and return-to-work expenses;
- Recognition pay of \$1,500 to management employees and union-represented employees who could not work remotely, and for other specified personnel; and
- Overtime costs and incremental payroll taxes costs associated with incremental labor related to the pandemic.

SoCalGas also explained in its direct testimony how it identified avoided costs that resulted from the pandemic.⁷² SoCalGas stated that it identified avoided costs associated to the following categories of expenses: (1) facilities costs at its primary administrative office space, called the GCT, such as lower HVAC and janitorial bills, (2) customer remittance processing costs, (3) employee travel and training costs, and (4) collection notices postage costs.

SoCalGas stated that other costs were not avoided as a result of COVID-19, including the following:

- Rent and parking expenses related to the GCT that were made in accordance with contracts and legal obligations to pay;
- Rent and utilities expenses related to the customer branch offices, as branches were still operating; and
- Field collections efforts, which were redeployed to other areas, including but not limited to Meter Set Assembly Inspection (MSAI) and customer support.⁷³

⁷² Exhibit SCG-02 at 27-28.

⁷³ Exhibit SCG-02 at 27-28.

SoCalGas also noted that during the COVID-19 pandemic, it recorded lower employee costs related to travel and training, as well as a reduction in certain costs related to maintaining the GCT. Also, due to the temporary closures of the company branch offices, SoCalGas stated that it avoided certain costs related to the “customer remittance process function.” In addition, SoCalGas noted that it recorded lower postage costs related to mailing collection notices due to the COVID-related disconnection moratorium.⁷⁴

7.1.2. O&M Accounting

In supplemental testimony, SoCalGas provided line-item accounting, in which the O&M line items for Subaccount F totaled \$44,183,094.⁷⁵ SoCalGas separately summarized the line items in Subaccount F by cost category in a tab that showed O&M Costs by Category (Table 5) and O&M Costs by Cost Element (Table 6). For each of these summaries, the total was \$35,242,242.⁷⁶

Table 5: COVID-19 CEMA Subaccount Incremental O&M Costs by Category

Category	Cost
Facilities and Vehicle Enhanced Cleaning	\$8,818,347
Temperature Health Screening/Medical Services	\$8,511,878
Recognition Pay to Frontline Workers	\$5,057,740
Personal protective equipment (PPE) and Supplies (Face Mask, Sanitizers, etc.)	\$3,344,574
ECS COVID Case Management Team	\$2,430,405
Employee Stipend - Remote Work	\$2,218,025
Fleet/Trailer Rentals	\$1,315,118
Returning to Workplace Costs	\$1,304,722
IT	\$688,926
Employee and Customer Communications	\$670,329

⁷⁴ Exhibit SCG-02 at 28.

⁷⁵ Exhibit SCG-07.

⁷⁶ Exhibit SCG 07, “Sub F - O&M” tab.

Gas Control Sequestration	\$559,098
CAL/OSHA Testing	\$398,029
Telecommuting Work Equipment	\$(74,949)
Total	\$35,242,242

Table 6: COVID-19 CEMA Subaccount Incremental O&M Costs by Cost Element

Service – Janitorial	\$7,025,458
Service – Medical	\$5,105,137
Service – Contract Labor	\$3,095,299
Salaries – Miscellaneous	\$2,617,666
Salaries – Other Cash Awards	\$2,440,074
Service – Temporary Agency Labor	\$2,393,952
Miscellaneous Reimbursements	\$2,218,025
Service – Vehicle & Equipment Rental	\$2,206,700
Material – Safety	\$1,503,266
Material Issuances – Non Pipe	\$1,265,676
Service – Maintenance and Repairs	\$888,785
Service – Contractors – Contract Labor	\$776,623
Service – Advertising and Marketing	\$684,286
Material – Safety Equipment	\$628,508
Service – Security	\$620,928
Purchased Services	\$549,701
Service – Consulting-Other	\$533,697
Service – Construction-Other	\$531,740
Service – Contractors – Specific Jobs	\$134,211
Material-Tools	\$22,512
Total	\$35,242,242

However, nearly all party comments on SoCalGas' recorded incremental costs focused on a single line item in SoCalGas' Subaccount F – the avoided cost value, which SoCalGas reported as negative \$8,349,450.⁷⁷

7.1.3. Capex Activities and Accounting

SoCalGas included two activities in its incremental capex in its CEMA COVID-19 subaccount: 1) approximately \$1.35 million for about 1,700 respirator kits, and 2) about \$430,000 for AV/IT training assistance tools to comply with social distancing mandates.⁷⁸

7.2. Intervenor Positions on Avoided Costs

Parties developed a substantial record on matters involving SoCalGas' recorded avoided cost accounting in this proceeding and in the 2019 GRC. In three rounds of testimony plus opening and reply briefs, intervenors identified potential ways in which SoCalGas understated avoided costs in Subaccount F and argued that SoCalGas had not properly accounted for unspent funds authorized in its last GRC. The intervenors each argued that cost recovery for Subaccount F should be fully disallowed since SoCalGas had understated its true avoided costs due to the COVID-19 pandemic. SoCalGas defended its accounting, argued that intervenors' arguments were overly simplistic, and requested that the Commission disregard party arguments on this topic.

We have reviewed the full record on this topic and summarize it at a high level here.

⁷⁷ Exhibit SCG-07/SCG-08, Attachment A, "Subaccounts" tab, row 1621. See also Appendix A, Subaccount F.

⁷⁸ Exhibit SCG-02.

7.2.1. TURN

In direct testimony, TURN addressed the avoided cost component of SoCalGas' application. TURN noted that when one examines the avoided costs that were recorded in SoCalGas' Test Year 2024 GRC proceeding, SoCalGas

only included a small fraction of the costs that it avoided due to the COVID-19 pandemic. Instead, SoCalGas pocketed those cost savings as earnings for shareholders and is now seeking to recover \$32.390 million of 'incremental' costs from ratepayers.⁷⁹

Using categories from SoCalGas' GRC testimony,⁸⁰ TURN initially requested credits to the CEMA account for \$53.465 million from four Customer Service areas: the total of \$26.755 million for "Customer Services Operations," \$15.842 million for "CCC - Operations," \$7.599 million for "Branch Offices," and \$3.269 million for "Credit and Collections."⁸¹

TURN stated that when determining which items to categorize as avoided costs in CEMA rather than line items in its GRC, SoCalGas had "selectively cherry picked a few areas where it spent more in years 2020-2022 as compared to 2019."⁸² For example, TURN argued that the costs SoCalGas had claimed for Gas Distribution Leakage, Main Maintenance, and Cybersecurity "have no relevance to the COVID-19 pandemic, nor are they related to a reprioritization or reassignment of resources as a result of the COVID-19 pandemic." Therefore, TURN argued, these costs should not be considered when determining whether

⁷⁹ Exhibit TURN-01 at 4.

⁸⁰ A.22-05-015/A.22-05-016.

⁸¹ Exhibit TURN-01 at 4-11.

⁸² TURN Opening Brief at 12.

the recorded CEMA costs were incremental, and all COVID-19 related costs in CEMA should be disallowed.⁸³

7.2.2. Clean Energy

In rebuttal testimony, Clean Energy agreed with TURN that it “appear[s] that SoCalGas is justifying higher future GRC spending by excluding the recorded costs during the COVID-19 Pandemic period.”⁸⁴ Clean Energy said that SoCalGas would need to reconcile costs recorded in its CEMA with its GRC testimony claims of lower costs in 2020-2021 due to the pandemic.

7.2.3. SCGC

SCGC agreed with TURN that certain avoided costs should offset SoCalGas’ claims for expenses during the COVID-19 pandemic.⁸⁵ SCGC reviewed TURN’s assumptions regarding costs, asserted that TURN underestimated the value of SoCalGas’ avoided costs, and found that estimated avoided costs exceeded SoCalGas’ cost recovery request for Subaccount F.⁸⁶ SCGC therefore requested that the Commission allow no incremental COVID-19 expenses in CEMA.⁸⁷

In surrebuttal testimony on avoided costs, Clean Energy and SCGC presented arguments that SoCalGas failed to record all avoided costs due to the COVID-19 pandemic to its CEMA account and that SoCalGas’ avoided costs due to the COVID-19 pandemic likely exceeded the COVID-19 costs recorded in the CEMA. The intervenors presented alternate methods for calculating avoided

⁸³ TURN Opening Brief at 11-12.

⁸⁴ Exhibit CLE-02 at 4.

⁸⁵ Exhibit SCGC-02 at 1-4.

⁸⁶ Exhibit SCGC-02 at 1-4; Exhibit SCGC-03 at 6.

⁸⁷ Exhibit SCGC-02 at 4.

costs, eventually agreeing that COVID-19 related avoided costs, when properly calculated, would completely negate SoCalGas' claims for Subaccount F.⁸⁸

In addition, SCGC noted that COVID-19 was unusual when compared with other CEMA occurrences:

Normally, when a CEMA event occurs, the event results in destruction of utility facilities and a diversion of utility operations for a relatively short period of time in a portion of the utility's service territory. The remainder of utility operations continue more or less as normal. In contrast, during the pandemic, there was a substantial change in overall utility customer service operations for an extended period of time. There were activities that would normally have taken place that no longer took place during the pandemic. The result was substantial underspending in the Customer Service accounts. SoCalGas should not be allowed to recover the costs that it claims to be incremental COVID-19 Customer Services expenses because SoCalGas underspent its authorized Customer Services revenue requirement as a result of the sharp pandemic reduction in customer service activities.⁸⁹

7.3. SoCalGas' Responses to Intervenor

SoCalGas argued in defense of its avoided cost accounting in several ways:

1. The ratio of actual-to-authorized GRC spend in customer service areas is not relevant in this CEMA review;
2. Parties' definition of incrementality would defeat the purpose of CEMA; and
3. SoCalGas has the authority to reprioritize and manage its costs.

We address each of these arguments separately.

⁸⁸ Exhibit CLE-03; Exhibit SCGC-03 at 6-7.

⁸⁹ SCGC Opening Brief at 3.

7.3.1. Ratio of Actual-to-Authorized GRC Spending

SoCalGas stated that intervenor parties' recommended disallowance of SoCalGas' \$8.349 million in incremental COVID-19 CEMA costs was "based entirely on the fact that SoCalGas underspent its GRC authorized funds in the four Customer Service areas due to COVID-19."⁹⁰ SoCalGas noted that no party provided any example from past CEMA decisions or other legal authorities that stated that the ratio of overall actual-to-authorized GRC spend should be considered in a CEMA or that any amount a utility has underspent in a GRC cycle should be recorded 100 percent as avoided costs in a CEMA.⁹¹ SoCalGas also noted that prior Commission decisions "explicitly reject the ratio of actual-to-authorized GRC spending as relevant for a CEMA review."⁹²

SoCalGas argued that its lower-than-authorized recorded spending in the four Customer Service areas for years 2020-2022 should not be considered in SoCalGas's CEMA recovery review. Therefore, SoCalGas argued that the Commission should reject the parties' reliance on this ratio of actual-to-authorized GRC spending to argue that SoCalGas's COVID-19 CEMA costs are not incremental, unreasonable, or not recoverable.

7.3.2. Intervenor Definition of Incrementality

SoCalGas noted that arguments made by intervenors are inconsistent with the intended purpose of Resolution E-3238, which was to encourage utilities to promptly restore service after a catastrophic event.

⁹⁰ SoCalGas Opening Brief at 13.

⁹¹ SoCalGas Opening Brief at 14.

⁹² SoCalGas Opening Brief at 14 citing D.22-11-010 at 7, 16 and D.21-05-006 at 22 ("The determination of whether the costs requested for CEMA recovery are incremental is independent of the difference between authorized and actual spending in the year of the CEMA-eligible event.").

As SoCalGas argued, the Commission's "explicit intent when establishing the CEMA with Resolution E-3238 was to 'remove a potential disincentive to utilities' prompt response to future declared disasters.'" ⁹³ SoCalGas argued that this intent was supported by D.22-11-010, in which the Commission rejected Cal Advocates' argument to include the ratio of overall actual-to-authorized GRC spending as relevant to the CEMA review. In this decision, the Commission ruled that "[i]ncluding in the determination of incrementality the differential from GRC ratemaking would give utilities less of an incentive to restore service promptly after declared disasters." ⁹⁴ SoCalGas noted that in D.22-11-010, the Commission held that "Cal Advocates' attempt to shift risk back to the utility in disaster circumstances is contrary to the language and purpose of Resolution E-3238." ⁹⁵

SoCalGas also cited D.21-05-006, in which the Commission stated that:

Commission-regulated utilities must have confidence that the CEMA ratemaking mechanism will work as designed, so they don't think twice about incurring extra costs if that is what it takes to keep customers safe. In regulatory terms, CEMA reduces the risk to the utility of incurring costs beyond what was expected. The Commission's addition of another ratemaking mechanism shifts the balance of risk away from the utility, and toward ratepayers, for the very reason that it is hard to control costs when safety is in the balance. ⁹⁶

⁹³ SoCalGas Opening Brief at 15, citing Resolution E-3238 at 4, Finding 2.

⁹⁴ D.22-11-010 at 18.

⁹⁵ D.22-11-010 at 19.

⁹⁶ D.21-05-006 at 8.

SoCalGas asked the Commission to reject intervenor positions as “completely inconsistent with the intended purpose of Resolution E-3238 and of incentivizing the utilities to promptly restore service after a catastrophic event.”⁹⁷

7.3.3. SoCalGas Authority to Manage Costs

In response to TURN’s claim that SoCalGas recorded less than GRC-authorized amounts in the four Customer Service areas to “pocket” cost savings as “earnings for shareholders,”⁹⁸ SoCalGas stated that it exercised prudent judgment to reprioritize resources and funding across necessary activities during the COVID-19 pandemic.⁹⁹ SoCalGas also provided examples in which it reassigned employees and funds to other work, a practice SoCalGas stated was consistent with the Commission policy of allowing utilities “flexibility to reprioritize the authorized funds in order to ensure safe and reliable operations.”¹⁰⁰

SoCalGas rebutted the claim from TURN, SCGC and Clean Energy that except for one function (meter set assembly inspections), SoCalGas did not show that the GRC funds it underspent as a result of COVID-19 were reprioritized to activities that are specifically related to the COVID-19 pandemic.¹⁰¹ SoCalGas noted that intervenors cited to no legal authority or Commission precedent that a

⁹⁷ SoCalGas Opening Brief at 16.

⁹⁸ Exhibit TURN-01 at 4.

⁹⁹ Exhibit SCG-10 at 4.

¹⁰⁰ Exhibit SCG-10 at 4.

¹⁰¹ See Clean Energy Response to Ruling Requiring Additional Information at 6: “Clean Energy, SCGC, and TURN disputed SoCalGas’ reprioritization claim by showing that, with the exception of the meter inspection functions, certain of the functions identified in SoCalGas’s rebuttal were not related to reprioritization or reassignment of resources as a result of the COVID-19 pandemic. This fact demonstrates that SoCalGas did not reprioritize avoided costs in the Customer Services accounts to the CEMA costs in those accounts.”

utility can only reprioritize its GRC funds to certain activities or functions,¹⁰² and stated that to do so would “eliminate the flexibility that a utility is given to exercise reasonable judgment to reprioritize funds to continue to provide service to customers in a safe and reliable manner.”

In addition, SoCalGas stated that the Commission has ruled that “once costs are authorized through a GRC, the utility assumes control of how best to manage its costs in accordance with expectation.”¹⁰³ SoCalGas noted that the Commission has also recognized that “new programs or projects may come up, others may be cancelled, and there may be reprioritization. This process is expected and is necessary for the utility to manage its operations in a safe and reliable manner.”¹⁰⁴ SoCalGas claimed that it is for this reason that the “utilit[ies] are allowed the flexibility to reprioritize the authorized funds in order to ensure safe and reliable operations.”¹⁰⁵

SoCalGas then addressed TURN’s argument that “if SoCalGas incurred less than authorized due to COVID-19, that amount must be subtracted from the additional costs it incurred for activities related to COVID-19....If these costs are considered in the “reprioritization” analysis even though they have no relevance to the COVID-19 pandemic, then all cost areas within the GRC would have to be considered to determine the effect of SoCalGas’s “reprioritization.””¹⁰⁶ SoCalGas stated that TURN’s argument is both inconsistent with prospective ratemaking

¹⁰² SoCalGas Opening Brief at 17.

¹⁰³ D.22-11-010 at 16.

¹⁰⁴ D.11-05-018 at 27.

¹⁰⁵ Exhibit SCG-10 at 2.

¹⁰⁶ Exhibit TURN-02 at 5-6.

principles and undermines the purpose of a CEMA. SoCalGas noted that the Commission has ruled that:

[P]rospective ratemaking does not “look back” in time and adjust future revenue requirements such that actual utility expenditures are always recovered 1-for-1 through rates. If utility management decides to tradeoff among expense categories in response to changing circumstances or management priorities, they are awarded that flexibility.... Nor does prospective ratemaking require the utility to reimburse ratepayers if their overall expenditures, or expenditures within particular budget categories, are lower than projected during the rate case. To do so would be tantamount to establishing a 1-for-1 balancing account for all utility expenditures and activities.¹⁰⁷

SoCalGas argued that the Commission should reject intervenors’ argument that if SoCalGas incurred less than authorized due to COVID-19, that amount must be subtracted from the additional costs it incurred for activities related to COVID-19 in a CEMA recovery, or that it can only reprioritize the GRC funds to activities relating to the COVID-19 pandemic.

7.4. Discussion

As Res. E-3238 provides, the burden is on an applicant to prove the costs incurred are reasonable and to affirmatively establish the reasonableness of all aspects of its application.¹⁰⁸ Recovery in rates is not guaranteed¹⁰⁹ and the standard of proof the applicant must meet is that of a preponderance of the evidence.¹¹⁰

¹⁰⁷ D.22-06-032 at 10 (emphasis added).

¹⁰⁸ D. 09-03-025 at 8; D.06-05-016 at 7.

¹⁰⁹ Res. E-3238 Finding 4.

¹¹⁰ D.19-05-020 at 7; D.15-11-021 at 8-9; D.14-08-032 at 17.

Furthermore, “The existence and completion of a new activity by itself does not prove the cost was incremental. If a new activity is completed by redirecting existing resources *in a related work category*, no incremental cost was incurred, despite the activity itself being ‘incremental.’”¹¹¹

We have found that SoCalGas did not fully meet this burden of proof regarding avoided costs for Subaccount F.

7.4.1. CEMA Recorded Costs

We closely reviewed each of the COVID-19 costs recorded in Subaccount F for reasonableness and incrementality¹¹² and found that all but one line item in that account – regarding avoided costs – met SoCalGas’ burden of proof. We were persuaded by parties that avoided costs SoCalGas claimed were not fully supported.

As previously summarized, intervenors identified various potential understatements of avoided costs not included in SoCalGas’ CEMA accounting. We weighed evidence presented by parties to determine an appropriate value to assign to avoided costs in Subaccount F. Specifically, we considered TURN’s argument, bolstered by SCGC and Clean Energy, that the Commission should consider authorized GRC spending when determining appropriate CEMA cost recovery amounts.

7.4.2. GRC Recorded Costs

TURN initially requested credits to the CEMA account for \$53.465 million in GRC recorded costs for values in “Customer Services Operations,” “CCC –

¹¹¹ D.23-02-017 at 27 (emphasis added).

¹¹² We focused our initial review on line items with reported incremental costs of \$500,000 or more. For each of these line items, SoCalGas provided a narrative account of why each cost is incremental in Exhibits SCG-07 and SCG-08.

Operations,” “Branch Offices,” and “Credit and Collections.” Subsequently, parties requested disallowance of the full value of the CEMA Subaccount F on grounds that SoCalGas’ COVID-19 expenses were more than offset by savings from reduced customer service activities.

As noted in the Scoping Memo for this proceeding, the Commission has held that the standard of proof the applicant must meet in rate cases is that of a preponderance of the evidence.¹¹³ Preponderance of the evidence usually 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.’”¹¹⁴ We find that there is a preponderance of evidence that SoCalGas understated its full COVID-19-related avoided costs and that full cost recovery of Subaccount F should not be allowed.

Specifically, we consider COVID-19 to meaningfully differ from other emergencies in which the Commission has authorized cost recovery. Under Pub. Util. Code Section 454.9, “costs” includes both unplanned increased costs and unplanned cost savings that resulted from the shutdown or slowdown in activity. We agree with TURN and SCGC that activities that would normally have taken place no longer took place during the pandemic, and that SoCalGas did not meet its burden of proof to show that it had correctly accounted for avoided costs in its CEMA accounts rather than in its GRC.

We agree with SoCalGas that the Commission’s intent when establishing the CEMA with Resolution E-3238 was to remove a potential disincentive to

¹¹³ D.19-05-020 at 7; D.15-11-021 at 8-9; D.14-08-032 at 17.

¹¹⁴ D.08-12-058 at 19, citing Witkin, Calif. Evidence, 4th Edition, Vol. 1 at 184.

utilities' prompt response to future declared disasters.¹¹⁵ However, we do not see the applicability of this argument in the context of COVID-19, where there was no significant interruption to utility service.

8. CPPMA Costs

SoCalGas requested approximately \$5.736 million for costs in its CPPMA, including \$3.371 million in O&M expenses, \$2.068 million in waived charges, and \$297,000 in interest.¹¹⁶ Upon consideration of the evidence, we find that costs associated with SoCalGas' CPPMA account are reasonable and authorize full cost recovery.

8.1. Background

In D.19-07-015, the Commission established a set of minimum emergency disaster customer protections that the utilities are directed to implement in the event of a declared emergency. Pursuant to that decision, emergency disaster customer relief protections shall apply to utility customers in areas affected by a disaster declared a state of emergency by the Governor of California or the President of the United States. In addition, D.19-07-015 requires that when a disaster has either resulted in the loss or disruption of the delivery or receipt of utility service or resulted in the degradation of the quality of utility services, utilities submit a Tier 1 Advice Letter (AL) within 15 days of the Governor's state of emergency declaration or a presidential state of emergency proclamation reporting compliance with D.19-07-015 mandated emergency disaster customer relief protections.

¹¹⁵ SoCalGas Opening Brief at 15, citing Resolution E-3238 at 4, Finding 2.

¹¹⁶ Application at 8, Exhibits SCG-05, SCG-07, and SCG-08.

On March 4, 2020, Governor Newsom declared a state of emergency in response to the outbreak of COVID-19. On March 13, 2020, President Trump signed an Emergency Declaration to facilitate a federal response to the COVID-19 pandemic. On March 17, 2020, the Commission's Executive Director sent a letter to the California energy companies addressing emergency customer protections to support customers affected by the COVID-19 pandemic.

On March 19, 2020, SoCalGas submitted Tier 1 AL 5604, implementing its emergency plan for customers impacted by the COVID-19 pandemic pursuant to D.19-07-015 and the Commission Executive Director's March 17, 2020 letter. SoCalGas retroactively applied customer protections to March 4, 2020, the start date of Governor Newsom's emergency proclamation. SoCalGas stated that it implemented the customer protections described in AL 5604 with the understanding that the COVID-19 pandemic emergency could cause customers economic hardship associated with either illness or mandated prevention measures, such as school and business closures.

Res. M-4842 ratified directions provided in the Commission's Executive Director's March 17, 2020, letter.¹¹⁷ Specifically, Res. M-4842 ordered electric, gas, communications, and water and sewer corporations in California to implement customer protections described in D.19-07-015 or justify why the protections are not applicable to a pandemic emergency. The resolution directed utilities to submit a Tier 2 AL that described all reasonable and necessary actions to implement certain emergency customer protections to support California customers. In addition, the resolution authorized electric, gas, communications,

¹¹⁷ Resolution M-4842, Emergency Authorization and Order Directing Utilities to Implement Emergency Customer Protections to Support California Customers During the COVID-19 Pandemic, April 16, 2020.

and water and sewer corporations to establish a CPPMA to track and recover incremental costs associated with complying with the resolution.

On May 22, 2020, SoCalGas submitted Supplemental AL 5604-B to describe the protections it was offering its customers, explain which customer protections were inapplicable during the COVID-19 pandemic, and confirm the costs to be tracked associated with COVID-19 customer protections.

On February 11, 2021, the Commission adopted Res. M-4849 which extended the relief from Res. M-4842 until June 30, 2021.

D.21-06-036 subsequently addressed customer utility debt via automatic enrollment in long-term payment plans and suspended disconnections for an additional three months. D.21-06-036 stated that “costs associated with activities to implement today’s orders, including securing access to state and federally funded COVID-19 arrearage relief programs on behalf of their customers, are included among the types of costs that energy utilities may track in COVID-19 Pandemic Protection Memorandum Accounts authorized by Commission Resolution M-4842.” D.21-06-036 authorized cost recovery, subject to applicable Commission review in accordance with Commission Resolution E-3238 and Pub. Util. Code Section 454.9.

SoCalGas implemented the following applicable Emergency Customer Protections described in Res. M-4842 and AL 5604-B:

- Waive deposit requirements for residential and eligible non-residential core customers seeking to re-establish service;
- Extend waiving of deposits to also cover customers seeking to establish new service;
- Provide payment plan options for residential and eligible non-residential customers;

- Suspend disconnections for non-payment and associated fees.
- Waive deposit requirements for residential customers and eligible non-residential customers; and
- Waive late fee requirements.

SoCalGas also stated that it had committed to restore service for all core customers disconnected at any point in 2020 with no required reconnection fees and no late fees.¹¹⁸

8.2. Party Positions

No party commented on specific costs recorded in SoCalGas' CPPMA. Party positions on CPPMA were reserved for questions regarding cost allocation, which is addressed here in Section 12.

8.3. Discussion

For the CPPMA, electric and gas utilities subject to Res. M-4842 were required to book only those costs associated with protections ordered by the Resolution.

Based on our review and the lack of any party opposition, we find SoCalGas' CPPMA expenses to be reasonable and recoverable.

9. Interest Expenses

SoCalGas requested to recover a total of \$3.385 million in interest associated with its CEMA and CPPMA accounts. We grant the request to recover interest for the CPPMA. We deny recovery of interest for CEMA Subaccounts A, B, C, D, and E due to SoCalGas failing to justify accrual of interest for five or more years. We also deny cost recovery of interest for CEMA Subaccount F given the full disallowance of that subaccount detailed in Section 7.

¹¹⁸ Exhibit SCG-04 at AL-6.

Table 7: Request for Recovery of Interest

Account	Interest¹¹⁹
CEMA	\$3,088,000
Subaccount A – 2017 Winter Storms	\$32,000
Subaccount B – 2017 Wildfires	\$908,000
Subaccount C – 2018 Wildfires	\$97,000
Subaccount D – 2019 Winter Storms	\$54,000
Subaccount E – 2019 Wildfires	\$150,000
Subaccount F – COVID-19	\$1,847,000
CPPMA	\$297,000
TOTAL	\$3,385,000

SoCalGas' request included \$3.088 million for interest associated with CEMA subaccounts and \$297,000 for the CPPMA.

According to SoCalGas, interest was accrued on the average monthly CEMA and CPPMA balances at a rate equal to one-twelfth the interest rate on three-month non-financial Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication.¹²⁰

No party commented on the interest portion of the Application. We note that SoCalGas provided no showing of cause for allowing debt to accrue for so many years. We do not allow cost recovery here of interest on the CEMA Subaccounts A, B, C, D, and E that were opened in 2019 or earlier, given that SoCalGas did seek cost recovery for these older accounts in a timely manner.

We find the \$297,000 in interest expense associated with the CPPMA to be reasonable and allow its recovery.

¹¹⁹ Exhibit SCG-05, Table RR-1.

¹²⁰ Exhibit SCG-05 at JC-1.

10. Recovery of Depreciation, Return, And Taxes

SoCalGas requested authorization to recover depreciation, return, and taxes that it expensed and will expense in its CEMA and CPPMA through 2027.¹²¹ No party commented on this request. Finding good cause, we grant this request.

11. Remaining Capex Costs

SoCalGas requested authorization to incorporate any remaining capex costs in its CEMA or CPPMA into its test year 2028 GRC. Specifically, SoCalGas requested to continue filing Tier 2 Advice Letters to incorporate ongoing capital revenue requirements and associated regulatory interest approved in this proceeding into rates until the corresponding costs are incorporated in base rates in connection with SoCalGas' next GRC. Once the authorized revenue requirement is fully amortized, SoCalGas proposed to transfer any residual balance to the Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA) and eliminate the associated CEMA subaccounts.¹²²

No party commented on this request. Finding good cause, we grant this request.

12. Cost Allocation Methodology

SoCalGas requested to allocate incremental costs across customer classes using the Equal Cents per Therm (ECPT) methodology for both the CEMA and CPPMA.¹²³ Clean Energy and SCGC argued that the Commission should use alternative approaches to cost allocation, as detailed below.

¹²¹ Application at 8.

¹²² Exhibit SCG-05 at JC-2 to JC-3.

¹²³ Exhibit SCG-06 at MSP-1.

We find that the ECPT methodology is a reasonable cost allocation methodology for both the CEMA and CPPMA, given evidence that this cost allocation methodology is the most equitable among customer classes.

We were not persuaded by parties who argue that the Commission must follow cost causation principles by allocating costs to the customers for whom the costs were incurred. Although the Commission generally uses cost causation principles, no statute requires this, and the Commission has not strictly adhered to cost causation principles when allocating costs.

We also find it reasonable to amortize costs over a 12-month period.

12.1. CEMA

SoCalGas proposed using the ECPT methodology to allocate costs recorded in CEMA. We find this approach to be reasonable.

SoCalGas argued that the ECPT cost allocation methodology is consistent with how the Residential Uncollectible Balancing Accounts (RUBA) are allocated and provided illustrative rates for customer classes.¹²⁴ The illustrative rates assume the forecasted revenue requirement provided in the prepared testimony. Current and proposed transportation rates reflect the allocation of costs and sales volumes adopted in SoCalGas' Advice Letter 5907, the most recent Triennial Cost Allocation Proceeding (TCAP) implementation decision.¹²⁵

In Direct Testimony, SCGC stated that SoCalGas' suggestion that CEMA and CPPMA Costs are similar to RUBA costs was incorrect and unsupported.¹²⁶ SCGC noted differences between the CEMA, CPPMA, and RUBA accounts,

¹²⁴ Exhibit SCG-06 at MSP-1.

¹²⁵ Exhibit SCG-06 at MSP-1.

¹²⁶ Exhibit SCGC-01 at 1-4.

including that RUBA accounts are “limited to uncollectible and bad debt amounts for residential customers.” SCGC argued that costs “should be allocated in a manner that is consistent with their fundamental nature and the allocation of the amounts in base rates” and therefore taking an approach that uses cost causation as a guiding principle.¹²⁷ SCGC also stated that the ECPT methodology shifts costs from core ratepayers to noncore ratepayers and fails to recognize that increased costs to electric generators results in increased costs for electric ratepayers including core electric ratepayers.¹²⁸

Instead of the ECPT methodology, SCGC argued that the Commission should allocate the incremental revenue requirement recorded in the CEMA and CPPMA by functionalizing the recorded revenue requirement and allocating it in accordance with cost allocation principles approved in D.19-09-051.¹²⁹

In its own testimony, Clean Energy also argued that SoCalGas should allocate CEMA costs using cost causation principles and initially proposed using the Equal Percentage of Authorized Margin (EPAM) methodology.¹³⁰ Specifically, Clean Energy recommended that “SoCalGas transfer authorized CEMA costs on an EPAM basis to the appropriate fixed cost accounts, including the two subaccounts for NGV and Core Commercial/Industrial customers.”¹³¹ According to Clean Energy, this approach was consistent with SoCalGas’ prior allocation of authorized CEMA costs.¹³² Later, in rebuttal testimony, Clean

¹²⁷ Exhibit SCGC-01 at 3.

¹²⁸ Exhibit SCGC-01 at 5.

¹²⁹ Exhibit SCGC-01 at 6; SCGC Opening Brief at 17-20.

¹³⁰ Exhibit CLE-01 at 3, 6-12.

¹³¹ Exhibit CLE-01 at 11.

¹³² Exhibit CLE-01 at 11.

Energy noted that it would also support SCGC's recommendation to use the functionalization study prepared by SCGC.¹³³

In rebuttal, SoCalGas noted that the EPAM allocation methodology results in allocation of 91.8 percent to core customers, of which 75.1 percent is allocated to the residential class, and 8.2 percent to noncore customers. SoCalGas stated that the ECPT cost allocation method allocates costs across customer classes based on each customer class's respective share of the total average year gas demand forecast from D.20-02-045. Using this methodology, the current cost allocation is 38.7 percent to core customers, of which 25.7 percent is allocated to the residential class, and 61.3 percent to noncore customers.¹³⁴ Based on this split, SoCalGas argued that the ECPT methodology "allows for allocated costs across the customer classes to be socialized more in alignment with the consumption of gas versus methodologies based on costs of gas service."¹³⁵

In addition, SoCalGas argued that although its prior CEMA applications, which were filed more than 25 years ago, may have suggested an allocation similar to EPAM, SoCalGas believes ECPT is the more appropriate methodology for this Application based on the affordability metrics adopted by the Commission in D.20-07-032 as mentioned in supplemental testimony.¹³⁶

SoCalGas responded to SCGC's position on its use of ECPT for affordability, noting that SCGC provided no empirical evidence or analysis of electric rates impacts under its proposal. It reiterated its argument that the ECPT methodology impacts all the customers equally, while the proposals by Clean

¹³³ Exhibit CLE-02 at 2, 7.

¹³⁴ Exhibit SCG-11 at MSP-1.

¹³⁵ Exhibit SCG-11 at MSP-1.

¹³⁶ Exhibit SCG-11 at MSP-2, citing Exhibit SCG-09.

Energy and SCGC put pressure on the core customers, especially in the residential class.¹³⁷ SoCalGas noted that affordability for residential customers is an important goal and ECPT allocations help support residential affordability by resulting in lower residential bill impacts.¹³⁸

We agree with SoCalGas that the ECPT methodology is the most equitable for all customer classes, given the evidence provided, and that it is the methodology that best supports affordability of residential gas bills. Therefore, we authorize cost allocation using the ECPT methodology.

12.1.1. CPPMA

SoCalGas also proposed using the ECPT methodology to allocate costs recorded in the CPPMA. We find this approach to be reasonable, as well.

SCGC agreed that it seems reasonable to use ECPT to allocate the waived fees portion of the CPPMA.¹³⁹ However, SCGC proposed that the O&M and Administrative & General (A&G) expenses of the CPPMA, which are distribution-related, be “...allocated among customer classes based on the combination of marginal customer cost revenues, marginal high pressure distribution demand cost revenues, and marginal medium pressure distribution demand cost revenues.”¹⁴⁰ SCGC asked the Commission to authorize cost recovery using allocation factors for the CPPMA O&M and capital-related costs by functionalizing the revenue requirement and applying traditional allocators to the functionalized revenue requirement.¹⁴¹

¹³⁷ Exhibit SCG-11 at MSP-4.

¹³⁸ Exhibit SCG-11 at MSP-2.

¹³⁹ Exhibit SCGC-01 at 13.

¹⁴⁰ Exhibit SCGC-01 at 9-10.

¹⁴¹ Exhibit SCGC-01 at 11.

Clean Energy agreed with SoCalGas that the ECPT methodology was a reasonable approach for CPPMA cost allocation. Clean Energy specifically recommended transferring CPPMA costs to SoCalGas' RUBA account, in which costs are allocated using the ECPT methodology.¹⁴²

In rebuttal testimony, SoCalGas noted that in SCGC's proposed allocation, 95 percent would be allocated to the core customers and only 5 percent allocated to noncore customers, compared to the ECPT allocation of 39 percent to the core customers and 61 percent to the noncore customers.¹⁴³ SoCalGas notes that SCGC's proposed functional allocation methodology would put pressure on core customers, especially residential customers.¹⁴⁴ SoCalGas argued that the ECPT methodology:

“assigns less proportionate cost to core customers, and particularly residential customers, relative to some other cost allocation methodologies, and does less to exacerbate the cost pressures from electrification for this group, which is particularly susceptible to this risk.”¹⁴⁵

We share SoCalGas' concerns about residential customer impacts of a functional allocation methodology as proposed by SCGC and find the ECPT methodology for allocating CPPMA costs to be reasonable.

12.1.2. Cost Causation

At various points detailed above, Clean Energy and SCGC argued that the Commission should allocate CEMA and CPPMA costs using cost causation principles. As Clean Energy stated, for example, “[t]he Commission has

¹⁴² Exhibit CLE-01 at 5.

¹⁴³ Exhibit SCG-11 at MSP-2.

¹⁴⁴ Exhibit SCG-11 at MSP-2.

¹⁴⁵ Exhibit SCG-11 at MSP-4.

recognized that cost-causation is a key consideration when determining whether rates are just and reasonable.”¹⁴⁶ Clean Energy supported this argument by citing instances when the Commission emphasized cost causation principles in decisions.¹⁴⁷

We reviewed the instances cited by Clean Energy, as well as a wide range of Commission decisions that involve cost allocation and found that the Commission does not strictly apply cost causation principles in all cases. Cost causation is not a rigid principle that must be strictly applied but can be used to examine whether the costs are roughly allocated to the party that incurred them. The Commission has broad authority to make determinations of whether the allocation of costs is just and reasonable.

12.2. Amortization Schedule

SoCalGas requested amortization of its CEMA and CPPMA costs over a 12-month period. Clean Energy requested that the Commission order SoCalGas to recover authorized CEMA and CPPMA costs over a two-year period to reduce rate impacts, reflect SoCalGas’ prior treatment of CEMA costs, and better follow cost causation principles.¹⁴⁸

SoCalGas stated that Clean Energy’s proposal should be rejected, as a one-year recovery period has been approved previously for SoCalGas cost recovery filings and would be consistent with Southern California Edison’s recently approved CEMA and Wildfire Expense Memorandum Account (WEMA) application.¹⁴⁹ In addition, SoCalGas noted that: 1) the decision that Clean

¹⁴⁶ Clean Energy Opening Brief at 28.

¹⁴⁷ Clean Energy Opening Brief at 28.

¹⁴⁸ Exhibit CLE-01 at 12.

¹⁴⁹ Exhibit SCG-11 at MSP-5.

Energy cited to support a two-year amortization period, D.24-07-013, ordered a 12-month amortization period, and 2) a 24-month amortization period would result in more interest accruing and thus a higher cost for customers.¹⁵⁰

As previously stated, cost causation principles are not applied in all cases and we do not find good cause to strictly apply cost causation principles here. We also are not persuaded that rates impacts would be significantly dampened by a longer amortization period.

We are persuaded by SoCalGas that a 12-month cost recovery period is reasonable. SoCalGas shall recover costs for the CEMA and CPPMA over 12 months.

13. Environmental and Social Justice

No party identified issues that would have specific environmental or social justice impacts or affect the Commission's achievement of the nine goals of the Commission's ESJ Action Plan. We also did not identify any ESJ impacts associated with this Application. Therefore, this decision establishes no additional ESJ requirements for SoCalGas.

14. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

¹⁵⁰ SoCalGas Reply Brief at 30.

To date, there are 18 comments on the “Public Comment” tab on the Docket Card for the instant proceeding. All comments opposed any rate increases associated with this Application.

15. Procedural Matters

Finding good cause, we grant SoCalGas’ September 25, 2024 motion to file under seal its Confidential Version of Attachment A to the response to the Administrative Law Judge’s Ruling Requesting Additional Information, dated September 18, 2024 (SoCalGas’ Response).¹⁵¹ The confidential version of Attachment A to SoCalGas’ Response shall remain under seal, and shall not be made accessible or disclosed to anyone other than the Commission staff except on the further order or ruling of an ALJ or the Commission.

This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

16. Comments on Proposed Decision

The proposed decision of ALJ Elizabeth Fox in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission’s Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

17. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Elizabeth Fox is the assigned Administrative Law Judge in this proceeding.

¹⁵¹ Motion of Southern California Gas Company for Leave to File Under Seal the Response of Southern California Gas Company to Administrative Law Judge’s Ruling Requesting Additional Information; [Proposed] Order, September 25, 2024.

Findings of Fact

1. SoCalGas reasonably incurred the following incremental costs associated with four of its six CEMA subaccounts:

Subaccount A – 2017 Winter Storms	\$442,961
Subaccount B – 2017 Wildfires	\$12,323,600
Subaccount C – 2018 Wildfires	\$1,104,125
Subaccount D – 2019 Winter Storms	\$1,989,058

2. SoCalGas reasonably incurred \$3,371,462 in incremental costs associated with its CPPMA account.

3. SoCalGas reasonably incurred \$297,000 in interest expense associated with the CPPMA.

Conclusions of Law

1. It is reasonable to authorize SoCalGas to recover the following costs associated with the CEMA and CPPMA:

Account	Authorized
CEMA – Total	\$15,859,744
Subaccount A – 2017 Winter Storms	\$442,961
Subaccount B – 2017 Wildfires	\$12,323,600
Subaccount C – 2018 Wildfires	\$1,104,125
Subaccount D – 2019 Winter Storms	\$1,989,058
CPPMA	\$3,371,462
TOTAL	\$19,231,206

2. It is reasonable for SoCalGas to recover \$2.068 million in waived charges associated with the CPPMA.

3. It is reasonable for SoCalGas to recover \$297,000 in interest expense associated with the CPPMA.

4. It is reasonable for SoCalGas to recover depreciation, return, and taxes that it expensed and will expense in its CEMA and CPPMA through 2027.

5. It is reasonable for SoCalGas to incorporate any remaining capital-related costs in its CEMA or CPPMA into its test year 2028 General Rate Case.

6. It is reasonable for SoCalGas to allocate incremental costs across customer classes using the ECPT methodology for the CEMA and CPPMA on a 12-month schedule.

7. It is reasonable to grant confidential treatment to the confidential version of Attachment A to the September 25, 2024 Response of Southern California Gas Company to Administrative Law Judge's Ruling Requesting Additional Information .

O R D E R

IT IS ORDERED that:

1. Southern California Gas Company is authorized to recover the following costs associated with the Catastrophic Event Memorandum Account (CEMA) and COVID-19 Pandemic Protections Memorandum Account (CPPMA):

Account	Authorized
CEMA	\$15,859,744
Subaccount A – 2017 Winter Storms	\$442,961
Subaccount B – 2017 Wildfires	\$12,323,600
Subaccount C – 2018 Wildfires	\$1,104,125
Subaccount D – 2019 Winter Storms	\$1,989,058
CPPMA	\$3,371,462
TOTAL	\$19,231,206

2. Southern California Gas Company is authorized to recover \$2.068 million in waived charges associated with the COVID-19 Pandemic Protections Memorandum Account.

3. Southern California Gas Company is authorized to recover \$297,000 in interest expense associated with the COVID-19 Pandemic Protections Memorandum Account.

4. Southern California Gas Company is authorized to recover depreciation, return, and taxes that it expensed and will expense in its Catastrophic Event Memorandum Account and COVID-19 Pandemic Protections Memorandum Account through 2027.

5. Southern California Gas Company is authorized to incorporate any remaining capital-related costs in its Catastrophic Event Memorandum Account or COVID-19 Pandemic Protections Memorandum Account into its test year 2028 General Rate Case.

6. Southern California Gas Company is authorized to allocate incremental costs across customer classes using the Equal Cents Per Therm methodology for the Catastrophic Event Memorandum Account and COVID-19 Pandemic Protections Memorandum Account on a 12-month schedule.

7. Within 30 days of this decision's issuance date, Southern California Gas Company shall file a Tier 1 advice letter with tariffs to implement the cost recovery authorized by this decision, effective on the date of the filing of the advice letter.

8. The confidential version of Attachment A to the September 25, 2024 Response of Southern California Gas Company to Administrative Law Judge's Ruling Requesting Additional Information shall remain under seal and shall not be made accessible or disclosed to anyone other than the Commission staff except on the further order or ruling of an Administrative Law Judge or the Commission.

9. Application 23-11-003 is closed.

This order is effective today.

Dated _____, at Sacramento, California

APPENDIX A

Claimed Line Items in CEMA Subaccounts and CPPMA

CEMA Subaccount A Line Items¹⁵²

	Line Item and Description (Cost Elements)	Short Description	Incremental Capex	Incremental O&M	Incremental Cost
1	Service-Contractors-Time & Equipment	Consultants and Contractors	\$-	\$176,480	\$176,480
2	Service-Construction-Gas Pipeline	Consultants and Contractors	\$143,964	\$-	\$143,964
3	Service-Consulting-Other	Consultants and Contractors	\$58,072	\$-	\$58,072
4	Material-Metal Pipe & Fittings	Parts & Supplies	\$23,503	\$-	\$23,503
5	Material Issuances-Non Pipe	Material	\$13,041	\$-	\$13,041
6	Salaries-Union Time and One Half	SCG Labor	\$3,948	\$3,501	\$7,449
7	Service-Contractors	Consultants and Contractors	\$4,773	\$-	\$4,773
8	Salaries-Union Double Time	SCG Labor	\$2,026	\$2,451	\$4,477
9	Service-Hazardous Waste Disposal	Outside Services	\$-	\$4,363	\$4,363
10	Service-Construction Paving	Consultants and Contractors	\$3,724	\$-	\$3,724
11	Material-Freight	Material	\$987	\$-	\$987
12	Payroll Taxes	Payroll Taxes	\$509	\$460	\$968
13	Salaries-Management Time and One Half	SCG Labor	\$602	\$-	\$602
14	Service-Contractors-Consulting	Consultants and Contractors	\$269	\$-	\$269
15	Service-Construction-Other	Consultants and Contractors	\$238	\$-	\$238
16	Salaries-Delayed Lunch Premium	Lunch Premium	\$118	\$97	\$215
17	Service-Storage	Outside Services	\$178	\$-	\$178
18	Employee Travel-Mileage	Employee Travel, Meals, Lodging	\$97	\$28	\$125
19	Material-Miscellaneous	Material	\$97	\$-	\$97
20	Material Issuances-Pipe	Material	\$68	\$-	\$68

¹⁵² This table and the tables that follow are derived from Exhibit SCG-07/SCG-08, “subaccounts” tab, and are sorted by incremental cost in descending order.

CEMA Subaccount B Line Items

	Line Item and Description (Cost Elements)	Short Description	Incremental Capex	Incremental O&M	Incremental Cost
1	<i>Service-Contractors-Major Projects</i>	Consultants And Contractors	\$5,377,330	\$-	\$5,377,330
2	<i>Service-Contractors-Specific Jobs</i>	Consultants And Contractors	\$1,547,565	\$284,379	\$1,831,943
3	<i>Salaries-Union Double Time</i>	SCG Labor	\$189,844	\$840,099	\$1,029,942
4	<i>Salaries-Union Time and One Half</i>	SCG Labor	\$62,595	\$848,068	\$910,662
5	<i>Service-Engineering</i>	Outside Services	\$627,090	\$141,395	\$768,485
6	<i>Service-Construction-Gas Pipeline</i>	Consultants And Contractors	\$135,128	\$531,934	\$667,063
7	<i>Employee Travel-Hotel/Lodging (Room & Tax Only)</i>	Employee Travel, Meals, Lodging	\$17,147	\$642,370	\$659,518
8	<i>Material-Valves</i>	Parts & Supplies	\$17,955	\$614,227	\$632,181
9	<i>Salaries-Management Time and One Half</i>	SCG Labor	\$29,181	\$317,981	\$347,163
10	<i>Service-Contractors-Consulting</i>	Consultants And Contractors	\$292,442	\$42,216	\$334,658
11	<i>Material Issuances-Pipe</i>	Material	\$300,650	\$2,184	\$302,834
12	<i>Payment For Easement / Right Of Way</i>	Rents And Leases	\$279,919	\$1,000	\$280,919
13	<i>Service-Construction-Electric</i>	Consultants And Contractors	\$270,475	\$-	\$270,475
14	<i>Service-Consulting-Other</i>	Consultants And Contractors	\$42,280	\$226,173	\$268,452
15	<i>Service-Contractors-Time & Equipment</i>	Consultants And Contractors	\$257,455	\$10,264	\$267,718
16	<i>Service-Food Service-Catering 100%</i>	Outside Services	\$1,997	\$221,023	\$223,020
17	<i>Payroll Taxes</i>	Payroll Taxes	\$21,493	\$155,475	\$176,969
18	<i>Material Issuances-Non Pipe</i>	Payroll Taxes	\$32,950	\$93,359	\$126,308
19	<i>Service-Construction-Other</i>	Consultants And Contractors	\$5,250	\$106,847	\$112,098
20	<i>Service-Security</i>	Outside Services	\$-	\$77,808	\$77,808
21	<i>Employee Travel-Incidentals (Phones and Tips)</i>	Employee Travel, Meals, Lodging	\$3,659	\$56,350	\$60,009
22	<i>Service-Food Service-Maintenance & Repairs</i>	Outside Services	\$-	\$59,387	\$59,387
23	<i>Service-Construction Paving</i>	Consultants And Contractors	\$2,306	\$51,991	\$54,297
24	<i>Service-Vehicle & Equipment Rental</i>	Payroll Taxes	\$2,725	\$48,613	\$51,338
25	<i>Service-Government Payments-Permits</i>	Licensing And Permits	\$6,116	\$38,550	\$44,666
26	<i>Service-Contract Labor</i>	Consultants And Contractors	\$38,755	\$5,815	\$44,570

27	Meals (Incl. Tips) & Entertainment (100% Deductible)	Employee Travel, Meals, Lodging	\$6,133	\$31,927	\$38,060
28	Service-Temporary Agency Labor	Consultants And Contractors	\$14,120	\$14,727	\$28,848
29	Service-Maintenance and Repairs	Outside Services	\$-	\$28,192	\$28,192
30	Service-Contractors-Contract Labor	Consultants And Contractors	\$27,861	\$-	\$27,861
31	Salaries-Delayed Lunch Premium	Lunch Premium	\$1,189	\$23,124	\$24,313
32	Service-Research and Development	Outside Services	\$-	\$22,875	\$22,875
33	Material-Tools	Payroll Taxes	\$2,518	\$20,279	\$22,797
34	Material-Miscellaneous	Payroll Taxes	\$3,102	\$19,246	\$22,348
35	Material-Hardware	Payroll Taxes	\$214	\$21,880	\$22,093
36	Employee Travel-Mileage	Employee Travel, Meals, Lodging	\$6,687	\$13,629	\$20,316
37	Service-Hazardous Waste Disposal	Outside Services	\$3,276	\$14,976	\$18,252
38	Material-Office Supplies	Payroll Taxes	\$-	\$14,133	\$14,133
39	Service-Mail Other	Outside Services	\$13,408	\$-	\$13,408
40	Material-Electrical Equipment	Payroll Taxes	\$11,885	\$-	\$11,885
41	Material-Freight	Payroll Taxes	\$9,993	\$-	\$9,993
42	Meals (Incl. Tips) & Entertainment (50% Deductible)	Employee Travel, Meals, Lodging	\$1,066	\$8,854	\$9,919
43	Salaries-Management Double time	SCG Labor	\$-	\$9,186	\$9,186
44	Material-Rock Sand Dirt	Payroll Taxes	\$-	\$9,006	\$9,006
45	Material-Pressure Control Fittings	Payroll Taxes	\$7,903	\$-	\$7,903
46	Material-Safety Equipment	Payroll Taxes	\$2,973	\$4,569	\$7,542
47	Service-Design	Outside Services	\$5,296	\$2,132	\$7,428
48	Purchased Services	Outside Services	\$-	\$7,339	\$7,339
49	Service-Contractors	Consultants And Contractors	\$1,939	\$5,058	\$6,997
50	Service-Miscellaneous Other Services	Outside Services	\$178	\$6,694	\$6,872
51	Service-Vehicle & Equip Rental W/Operator	Payroll Taxes	\$-	\$6,532	\$6,532
52	Service-Computer Order Fulfillment	Outside Services	\$-	\$5,343	\$5,343
53	Rents	Rents And Leases	\$-	\$5,000	\$5,000
54	Service-Laboratory	Outside Services	\$1,657	\$3,280	\$4,937
55	Material-Packaging Material	Payroll Taxes	\$-	\$4,894	\$4,894
56	Service-Advertising and Marketing	Outside Services	\$-	\$4,840	\$4,840
57	Material-Gas Regulators	Payroll Taxes	\$4,457	\$-	\$4,457

58	Material-Computer Hardware	Payroll Taxes	\$-	\$4,189	\$4,189
59	Service-Printing & Graphics	Outside Services	\$-	\$4,050	\$4,050
60	Employee Travel-Taxi & Shuttle	Employee Travel, Meals, Lodging	\$13	\$3,944	\$3,957
61	Material-Laboratory Supplies	Payroll Taxes	\$-	\$3,579	\$3,579
62	Service-Trash Collection	Outside Services	\$-	\$3,164	\$3,164
63	Salaries-Part Time Management Time and One Half	SCG Labor	\$-	\$2,778	\$2,778
64	Material-Measure Instruments	Payroll Taxes	\$2,477	\$-	\$2,477
65	Material-Office Furniture & Equipment	Payroll Taxes	\$2,293	\$-	\$2,293
66	Material-Metal Pipe & Fittings	Payroll Taxes	\$2,170	\$-	\$2,170
67	Government Payments-Permits	Licensing And Permits	\$-	\$2,042	\$2,042
68	Material-Welding Equipment	Payroll Taxes	\$2,022	\$-	\$2,022
69	Salaries-Employment Contract Management Time and One Half	SCG Labor	\$-	\$1,985	\$1,985
70	Material-Printed Materials	Payroll Taxes	\$-	\$1,985	\$1,985
71	Material-Parts	Payroll Taxes	\$-	\$1,898	\$1,898
72	Salaries-Clerical and Technical Time And One Half	SCG Labor	\$-	\$1,860	\$1,860
73	Service-Legal	Outside Services	\$-	\$1,781	\$1,781
74	Service-Water	Outside Services	\$1,376	\$234	\$1,610
75	Service-Copy-Convenience	Outside Services	\$-	\$1,564	\$1,564
76	Material- Gasoline and Diesel Purchased At Offsite Location	Payroll Taxes	\$672	\$792	\$1,463
77	Employee Travel-Employee Rail	Employee Travel, Meals, Lodging	\$-	\$1,209	\$1,209
78	Employee Other-Living Expenses-Imputable	Employee Travel, Meals, Lodging	\$161	\$811	\$972
79	Service-Copy-Service Center	Outside Services	\$-	\$938	\$938
80	Employee Travel-Parking	Employee Travel, Meals, Lodging	\$106	\$763	\$869
81	Material-Pipe Wrapping Materials	Payroll Taxes	\$769	\$-	\$769
82	Material-Vehicle Parts	Payroll Taxes	\$766	\$-	\$766
83	Service-Storage	Outside Services	\$746	\$-	\$746
84	Material-Building Materials	Payroll Taxes	\$-	\$712	\$712
85	Material-Fittings	Payroll Taxes	\$-	\$649	\$649
86	Administrative & General - Government Payments-Permits	Licensing And Permits	\$191	\$445	\$636
87	Material-Audio Visual Equipment	Payroll Taxes	\$125	\$388	\$513
88	Salaries-Clerical and Technical Double Time	SCG Labor	\$-	\$510	\$510
89	Employee Travel-Air	Employee Travel, Meals, Lodging	\$47	\$436	\$483

90	<i>Service-Vehicle Repair & Maintenance</i>	Payroll Taxes	\$33	\$438	\$471
91	<i>Material-Rain Gear/Apparel/Wet Suits</i>	Payroll Taxes	\$388	\$-	\$388
92	<i>Employee Travel-Other</i>	Employee Travel, Meals, Lodging	\$58	\$324	\$382
93	<i>Service-Construction Services Department Only</i>	Outside Services	\$366	\$-	\$366
94	<i>Employee Travel-Car Rental</i>	Employee Travel, Meals, Lodging	\$-	\$319	\$319
95	<i>Material-Fax Machines</i>	Payroll Taxes	\$317	\$-	\$317
96	<i>Telephone-Cellular Phones</i>	Outside Services	\$-	\$314	\$314
97	<i>Material-Gauges</i>	Payroll Taxes	\$300	\$-	\$300
98	<i>Service-Mail/Messenger-Overnight Express</i>	Outside Services	\$-	\$272	\$272
99	<i>Material-Bottled Water</i>	Payroll Taxes	\$247	\$-	\$247
100	<i>Service-Landscaping</i>	Outside Services	\$-	\$226	\$226
101	<i>Material-Gases-Industrial</i>	Payroll Taxes	\$-	\$193	\$193
102	<i>Material-Computer Equipment</i>	Payroll Taxes	\$4	\$151	\$154
103	<i>Salaries-Employment Contract Management Doubletime</i>	SCG Labor	\$-	\$140	\$140
104	<i>Material-Compressor Equipment</i>	Payroll Taxes	\$-	\$139	\$139
105	<i>Service-Printing/Graphics Video</i>	Outside Services	\$8	\$122	\$130
106	<i>Material-Safety Event Supplies</i>	Payroll Taxes	\$-	\$110	\$110
107	<i>Service-Training & Seminars External</i>	Training	\$85	\$-	\$85
108	<i>Material-Pumps</i>	Payroll Taxes	\$-	\$76	\$76
109	<i>Material-Procurement Card Transactions</i>	Payroll Taxes	\$-	\$60	\$60
110	<i>Material-Software</i>	Payroll Taxes	\$39	\$-	\$39
111	<i>Service-Freight Auditing/Payments</i>	Outside Services	\$34	\$-	\$34
112	<i>Service-Mail/Messenger-Postage</i>	Outside Services	\$12	\$20	\$33
113	<i>Material-Office Equipment (Except Furniture)</i>	Payroll Taxes	\$-	\$32	\$32
114	<i>Material-Gaskets</i>	Payroll Taxes	\$32	\$-	\$32
115	<i>Service-Mail/Messenger-Courier</i>	Outside Services	\$29	\$-	\$29
116	<i>Dues-Business/Professional</i>	Outside Services	\$28	\$-	\$28
117	<i>Material-Natural Gas Purchased Offsite For Vehicle Fuel</i>	Payroll Taxes	\$-	\$25	\$25
118	<i>Material-Liquefied Propane Gas - (LPG)</i>	Payroll Taxes	\$17	\$-	\$17
119	<i>Material-Janitorial Supplies</i>	Payroll Taxes	\$-	\$15	\$15
120	<i>Employee Travel-Per Diem</i>	Employee Travel, Meals, Lodging	\$9	\$-	\$9

CEMA Subaccount C Line Items

	Line Item and Description (Cost Elements)	Short Description	Incremental Capex	Incremental O&M	Incremental Cost
1	<i>Salaries-Union Double Time</i>	SCG Labor	\$-	\$345,085	\$345,085
2	<i>Salaries-Union Time and One Half</i>	SCG Labor	\$-	\$194,503	\$194,503
3	<i>Service-Construction-Gas Pipeline</i>	Consultants And Contractors	\$-	\$103,954	\$103,954
4	<i>Salaries-Management Time and One Half</i>	SCG Labor	\$-	\$94,592	\$94,592
5	<i>Service-Construction Paving</i>	Consultants And Contractors	\$-	\$66,623	\$66,623
6	<i>Service-Contractors-Time & Equipment</i>	Consultants And Contractors	\$-	\$60,676	\$60,676
7	<i>Payroll Taxes</i>	Payroll Taxes	\$-	\$48,779	\$48,779
8	<i>Service-Food Service-Catering 100%</i>	Outside Services	\$-	\$34,046	\$34,046
9	<i>Employee Travel-Hotel/Lodging (Room & Tax Only)</i>	Employee Travel, Meals, Lodging	\$-	\$30,762	\$30,762
10	<i>Meals (Incl. Tips) & Entertainment (100% Deductible)</i>	Employee Travel, Meals, Lodging	\$-	\$23,012	\$23,012
11	<i>Employee Travel-Car Rental</i>	Employee Travel, Meals, Lodging	\$-	\$22,053	\$22,053
12	<i>Material Issuances-Non Pipe</i>	Payroll Taxes	\$-	\$14,616	\$14,616
13	<i>Employee Travel-Mileage</i>	Employee Travel, Meals, Lodging	\$-	\$9,728	\$9,728
14	<i>Service-Contract Labor</i>	Consultants And Contractors	\$-	\$7,895	\$7,895
15	<i>Salaries-Delayed Lunch Premium</i>	Lunch Premium	\$-	\$7,643	\$7,643
16	<i>Material-Office Furniture & Equipment</i>	Payroll Taxes	\$-	\$7,611	\$7,611
17	<i>Telephone-Cellular Phones</i>	Outside Services	\$-	\$5,279	\$5,279
18	<i>Material-Asphalt</i>	Payroll Taxes	\$-	\$4,681	\$4,681
19	<i>Administrative & General - Government Payments-Permits</i>	Licensing And Permits	\$-	\$4,190	\$4,190
20	<i>Service-Construction-Other</i>	Consultants And Contractors	\$-	\$4,047	\$4,047
21	<i>Service-Vehicle & Equipment Rental</i>	Payroll Taxes	\$-	\$2,500	\$2,500
22	<i>Material-Tools</i>	Payroll Taxes	\$-	\$2,436	\$2,436
23	<i>Meals (Incl. Tips) & Entertainment (50% Deductible)</i>	Employee Travel, Meals, Lodging	\$-	\$2,198	\$2,198
24	<i>Material Issuances-Pipe</i>	Payroll Taxes	\$-	\$1,028	\$1,028
25	<i>Service-Security</i>	Outside Services	\$-	\$1,015	\$1,015
26	<i>Employee Travel-Incidentals (Phones and Tips)</i>	Employee Travel, Meals, Lodging	\$-	\$825	\$825

27	<i>Material- Gasoline and Diesel Purchased at Offsite Location</i>	Payroll Taxes	\$-	\$678	\$678
28	<i>Service-Maintenance and Repairs</i>	Outside Services	\$-	\$533	\$533
29	<i>Material-Mechanical Fittings</i>	Payroll Taxes	\$-	\$489	\$489
30	<i>Material-Parts</i>	Payroll Taxes	\$-	\$433	\$433
31	<i>Material-Office Supplies</i>	Payroll Taxes	\$-	\$424	\$424
32	<i>Service-Janitorial</i>	Outside Services	\$-	\$320	\$320
33	<i>Employee Travel-Parking</i>	Employee Travel, Meals, Lodging	\$-	\$291	\$291
34	<i>Material-Miscellaneous</i>	Payroll Taxes	\$-	\$291	\$291
35	<i>Employee Travel-Taxi & Shuttle</i>	Employee Travel, Meals, Lodging	\$-	\$171	\$171
36	<i>Service-Vehicle Repair & Maintenance</i>	Payroll Taxes	\$-	\$145	\$145
37	<i>Service-Advertising and Marketing</i>	Outside Services	\$-	\$100	\$100
38	<i>Employee Travel-Other</i>	Employee Travel, Meals, Lodging	\$-	\$86	\$86
39	<i>Material-Printed Materials</i>	Payroll Taxes	\$-	\$78	\$78
40	<i>Service-Printing/Graphics Video</i>	Outside Services	\$-	\$76	\$76
41	<i>Material-Janitorial Supplies</i>	Payroll Taxes	\$-	\$57	\$57
42	<i>Service-On-Line Services/Miscellaneous</i>	Outside Services	\$-	\$50	\$50
43	<i>Material-Office Equipment (Except Furniture)</i>	Payroll Taxes	\$-	\$49	\$49
44	<i>Employee Benefits-Gift Card/Certificate Inventory - \$100 or Less</i>	Employee Recognition Gift Award	\$-	\$25	\$25
45	<i>Material-Subscriptions and Publications</i>	Payroll Taxes	\$-	\$20	\$20
46	<i>Material-Bottled Water</i>	Payroll Taxes	\$-	\$19	\$19
47	<i>Service-Event & Tickets</i>	Outside Services	\$-	\$15	\$15
48	<i>Cash Discounts on Purchases</i>	Outside Services	\$-	\$(3)	\$(3)

CEMA Subaccount D Line Items

	Line Item and Description (Cost Elements)	Short Description	Incremental Capex	Incremental O&M	Incremental Cost
1	<i>Service-Contractors-Major Projects</i>	Consultants And Contractors	\$1,067,938	\$-	\$1,067,938
2	<i>Service-Contractors-Time & Equipment</i>	Consultants And Contractors	\$266,485	\$80,202	\$346,686
3	<i>Service-Contractors-Specific Jobs</i>	Consultants And Contractors	\$188,493	\$-	\$188,493
4	<i>Service-Engineering</i>	Outside Services	\$173,463	\$-	\$173,463
5	<i>Salaries-Union Double Time</i>	SCG Labor	\$72,438	\$-	\$72,438
6	<i>Material-Pressure Control Fittings</i>	Payroll Taxes	\$44,012	\$-	\$44,012
7	<i>Salaries-Union Time and One Half</i>	SCG Labor	\$33,646	\$-	\$33,646
8	<i>Salaries-Management Time and One Half</i>	SCG Labor	\$9,991	\$-	\$9,991
9	<i>Payroll Taxes</i>	Payroll Taxes	\$8,851	\$-	\$8,851
10	<i>Service-Contractors-Consulting</i>	Consultants And Contractors	\$6,930	\$-	\$6,930
11	<i>Service-Contract Labor</i>	Consultants And Contractors	\$6,742	\$-	\$6,742
12	<i>Employee Travel-Hotel/Lodging (Room & Tax Only)</i>	Employee Travel, Meals, Lodging	\$6,102	\$-	\$6,102
13	<i>Material Issuances-Pipe</i>	Payroll Taxes	\$5,976	\$-	\$5,976
14	<i>Service-Government Payments-Permits</i>	Licensing And Permits	\$3,683	\$-	\$3,683
15	<i>Material-Measure Instruments</i>	Payroll Taxes	\$2,868	\$-	\$2,868
16	<i>Employee Travel-Mileage</i>	Employee Travel, Meals, Lodging	\$2,844	\$-	\$2,844
17	<i>Service-Consulting-Other</i>	Consultants And Contractors	\$2,374	\$-	\$2,374
18	<i>Meals (Incl. Tips) & Entertainment (100% Deductible)</i>	Employee Travel, Meals, Lodging	\$1,921	\$-	\$1,921
19	<i>Material-Tools</i>	Payroll Taxes	\$1,509	\$-	\$1,509
20	<i>Administrative & General - Government Payments-Permits</i>	Licensing And Permits	\$1,167	\$-	\$1,167
21	<i>Material-Bottled Water</i>	Payroll Taxes	\$553	\$-	\$553
22	<i>Material-Freight</i>	Payroll Taxes	\$540	\$-	\$540
23	<i>Material-Pumps</i>	Payroll Taxes	\$509	\$-	\$509
24	<i>Employee Travel-Incidentals (Phones and Tips)</i>	Employee Travel, Meals, Lodging	\$494	\$-	\$494
25	<i>Material-Parts</i>	Payroll Taxes	\$367	\$-	\$367
26	<i>Service-Miscellaneous Other Services</i>	Outside Services	\$360	\$-	\$360
27	<i>Salaries-Delayed Lunch Premium</i>	Lunch Premium	\$354	\$-	\$354

28	<i>Service-Hazardous Waste Disposal</i>	Outside Services	\$345	\$-	\$345
29	<i>Meals (Incl. Tips) & Entertainment (50% Deductible)</i>	Employee Travel, Meals, Lodging	\$214	\$-	\$214
30	<i>Service-Food Service-Catering 100%</i>	Outside Services	\$195	\$-	\$195
31	<i>Material-Welding Equipment</i>	Payroll Taxes	\$172	\$-	\$172
32	<i>Material-Safety Equipment</i>	Payroll Taxes	\$147	\$-	\$147
33	<i>Material Issuances-Non Pipe</i>	Payroll Taxes	\$89	\$-	\$89
34	<i>Material-Miscellaneous</i>	Payroll Taxes	\$49	\$-	\$49
35	<i>Material- Gasoline And Diesel Purchased At Offsite Location</i>	Payroll Taxes	\$45	\$-	\$45
36	<i>Salaries-Management Doubletime</i>	Scg Labor	\$34	\$-	\$34
37	<i>Service-Printing/Graphics Video</i>	Outside Services	\$22	\$-	\$22
38	<i>Employee Travel-Taxi & Shuttle</i>	Employee Travel, Meals, Lodging	\$20	\$-	\$20
39	<i>Material-Vehicle Parts</i>	Payroll Taxes	\$14	\$-	\$14
40	<i>Material-Computer Equipment</i>	Payroll Taxes	\$13	\$-	\$13
41	<i>Employee Travel-Parking</i>	Employee Travel, Meals, Lodging	\$10	\$-	\$10
42	<i>Material-Building Materials</i>	Payroll Taxes	\$4	\$-	\$4
43	<i>Material-Software</i>	Payroll Taxes	\$4	\$-	\$4
44	<i>Service-Mail Center Billing Postage</i>	Outside Services	\$1	\$-	\$1

CEMA Subaccount E Line Items

	Line Item and Description (Cost Elements)	Short Description	Incremental Capex	Incremental O&M	Incremental Cost
1	Service-Contractors-Time & Equipment	Consultants And Contractors	\$264,780	\$1,316,312	\$1,581,091
2	Service-Consulting-Other	Consultants And Contractors	\$-	\$501,276	\$501,276
3	Service-Contractors	Consultants And Contractors	\$397,109	\$26,922	\$424,031
4	Service-Contract Labor	Consultants And Contractors	\$-	\$382,791	\$382,791
5	Material-Gas Polyethylene Pipe	Payroll Taxes	\$168,671	\$-	\$168,671
6	Salaries-Union Time and One Half	SCG Labor	\$-	\$79,390	\$79,390
7	Material-Petroleum Products	Payroll Taxes	\$44,277	\$19,377	\$63,654
8	Service-Contractors-Specific Jobs	Consultants And Contractors	\$61,680	\$-	\$61,680
9	Material-Valves	Payroll Taxes	\$-	\$53,936	\$53,936
10	Salaries-Union Double Time	SCG Labor	\$-	\$51,278	\$51,278
11	Service-Hauling and Disposal Fees	Outside Services	\$-	\$41,880	\$41,880
12	Material-Electrical Equipment	Payroll Taxes	\$-	\$35,775	\$35,775
13	Material-Tools	Payroll Taxes	\$9,048	\$23,781	\$32,829
14	Material-Measure Instruments	Payroll Taxes	\$28,724	\$-	\$28,724
15	Salaries-Management Time and One Half	SCG Labor	\$-	\$21,533	\$21,533
16	Material-Miscellaneous	Payroll Taxes	\$-	\$19,602	\$19,602
17	Service-Site Assessment & Mitigation Work	Outside Services	\$-	\$16,834	\$16,834
18	Material Issuances-Non Pipe	Payroll Taxes	\$-	\$14,888	\$14,888
19	Service-Construction Services Department Only	Outside Services	\$13,441	\$-	\$13,441
20	Payroll Taxes	Payroll Taxes	\$-	\$11,743	\$11,743
21	Material-Computer Hardware	Payroll Taxes	\$-	\$7,672	\$7,672
22	Material-Laboratory Supplies	Payroll Taxes	\$-	\$4,793	\$4,793
23	Service-Engineering	Outside Services	\$(0)	\$4,712	\$4,712
24	Service-Food Service-Catering 100%	Outside Services	\$-	\$4,498	\$4,498
25	Service-Safety Related	Outside Services	\$-	\$4,390	\$4,390
26	Salaries-Delayed Lunch Premium	Lunch Premium	\$-	\$2,314	\$2,314
27	Material-Electrical Material Miscellaneous	Payroll Taxes	\$-	\$1,484	\$1,484
28	Service-Laboratory	Outside Services	\$-	\$1,225	\$1,225
29	Service-Contractors-Contract Labor	Consultants And Contractors	\$994	\$-	\$994
30	Material-Construction Equipment	Payroll Taxes	\$858	\$-	\$858

31	<i>Employee Travel-Mileage</i>	Employee Travel, Meals, Lodging	\$-	\$843	\$843
32	<i>Service-Miscellaneous Other Services</i>	Outside Services	\$-	\$502	\$502
33	<i>Employee Travel-Incidentals (Phones and Tips)</i>	Employee Travel, Meals, Lodging	\$-	\$443	\$443
34	<i>Meals (Incl. Tips) & Entertainment (100% Deductible)</i>	Employee Travel, Meals, Lodging	\$-	\$441	\$441
35	<i>Material-Office Equipment (Except Furniture)</i>	Payroll Taxes	\$-	\$380	\$380
36	<i>Material-Safety Equipment</i>	Payroll Taxes	\$-	\$336	\$336
37	<i>Material-Rock Sand Dirt</i>	Payroll Taxes	\$-	\$287	\$287
38	<i>Material- Gasoline and Diesel Purchased At Offsite Location</i>	Payroll Taxes	\$-	\$169	\$169
39	<i>Employee Travel-Hotel/Lodging (Room & Tax Only)</i>	Employee Travel, Meals, Lodging	\$-	\$138	\$138
40	<i>Material-Office Supplies</i>	Payroll Taxes	\$-	\$38	\$38
41	<i>Cash Discounts on Purchases</i>	Outside Services	(8,442)	(29,437)	(37,879)
42	<i>Credit for Cash Collected</i>	Insurance Reimbursements	(354,258)	(1,332,685)	(1,686,944)

CEMA Subaccount F Line Items

	Line Item and Description (Cost Elements)	Short Description	Incremental Capex	Incremental O&M	Incremental Cost
1	<i>Service-Janitorial</i>	Outside Services	\$-	\$7,025,458	\$7,025,458
2	<i>Service-Medical</i>	Outside Services	\$-	\$5,105,137	\$5,105,137
3	<i>Service-Contract Labor</i>	Consultants And Contractors	\$-	\$3,095,299	\$3,095,299
4	<i>Salaries-Miscellaneous</i>	Employee Recognition Cash Award	\$-	\$2,617,666	\$2,617,666
5	<i>Salaries-Other Cash Awards</i>	Employee Recognition Cash Award	\$-	\$2,440,074	\$2,440,074
6	<i>Service-Temporary Agency Labor</i>	Consultants And Contractors	\$-	\$2,393,952	\$2,393,952
7	<i>Miscellaneous Reimbursements</i>	Employee Benefits	\$-	\$2,218,025	\$2,218,025
8	<i>Service-Vehicle & Equipment Rental</i>	Payroll Taxes	\$-	\$2,206,700	\$2,206,700
9	<i>Material-Safety</i>	Payroll Taxes	\$-	\$1,503,266	\$1,503,266
10	<i>Material-Tools</i>	Payroll Taxes	\$1,350,099	\$22,512	\$1,372,611
11	<i>Material Issuances-Non Pipe</i>	Payroll Taxes	\$-	\$1,265,676	\$1,265,676
12	<i>Service-Maintenance and Repairs</i>	Outside Services	\$-	\$888,785	\$888,785
13	<i>Service-Contractors-Contract Labor</i>	Consultants And Contractors	\$-	\$776,623	\$776,623
14	<i>Service-Advertising and Marketing</i>	Outside Services	\$-	\$684,286	\$684,286
15	<i>Material-Safety Equipment</i>	Payroll Taxes	\$-	\$628,508	\$628,508
16	<i>Service-Security</i>	Outside Services	\$-	\$620,928	\$620,928
17	<i>Purchased Services</i>	Outside Services	\$-	\$549,701	\$549,701
18	<i>Service-Contractors-Specific Jobs</i>	Consultants And Contractors	\$402,924	\$134,211	\$537,135
19	<i>Service-Consulting-Other</i>	Consultants And Contractors	\$-	\$533,697	\$533,697
20	<i>Service-Construction-Other</i>	Consultants And Contractors	\$-	\$531,740	\$531,740
21	<i>Material-Computer Equipment</i>	Payroll Taxes	\$-	\$464,114	\$464,114
22	<i>Material-Computer Hardware</i>	Payroll Taxes	\$-	\$457,044	\$457,044
23	<i>Service-Vehicle Washing & Detail</i>	Payroll Taxes	\$-	\$415,435	\$415,435
24	<i>Payroll Taxes</i>	Payroll Taxes	\$-	\$410,321	\$410,321
25	<i>Service-Contractors-Consulting</i>	Consultants And Contractors	\$-	\$357,285	\$357,285
26	<i>Employee Travel-Incidentals (Phones and Tips)</i>	Employee Travel, Meals, Lodging	\$-	\$315,299	\$315,299
27	<i>Salaries-Union Time and One Half</i>	SCG Labor	\$-	\$267,001	\$267,001
28	<i>Miscellaneous Charges</i>	Miscellaneous	\$-	\$236,848	\$236,848

29	Material-Scrap Material Expenses	Material	\$-	\$232,505	\$232,505
30	Material-Generators	Equipment	\$-	\$225,720	\$225,720
31	Material-Office Equipment (Except Furniture)	Equipment	\$-	\$211,201	\$211,201
32	Material-Miscellaneous	Material	\$-	\$195,571	\$195,571
33	Material-Promotional Items	Material	\$6,135	\$163,278	\$169,414
34	Material-Office Furniture & Equipment	Equipment	\$-	\$135,861	\$135,861
35	Variable Lease Costs - Real Estate	Rents And Leases	\$-	\$129,633	\$129,633
36	Service-Landscaping	Outside Services	\$-	\$110,633	\$110,633
37	Real Estate Operating Lease - Right Of Use Expense	Rents And Leases	\$-	\$104,272	\$104,272
38	Service-Vehicle & Equip Rental W/Operator	Outside Vehicle Costs	\$-	\$93,402	\$93,402
39	Service-Miscellaneous Other Services	Outside Services	\$-	\$86,072	\$86,072
40	Employee Travel-Mileage	Employee Travel, Meals, Lodging	\$-	\$84,132	\$84,132
41	Material-Office Supplies	Parts & Supplies	\$-	\$79,877	\$79,877
42	Service-Trash Collection	Outside Services	\$-	\$75,919	\$75,919
43	Service-Hazardous Waste Disposal	Outside Services	\$-	\$75,852	\$75,852
44	Material Issuances-Other Precharged Materials	Material	\$-	\$61,275	\$61,275
45	Service-Food Service-Catering 100%	Outside Services	\$-	\$59,489	\$59,489
46	Material-Gas Dispenser by Company Pumps	Parts & Supplies	\$-	\$56,396	\$56,396
47	Service-Vehicle Repair & Maintenance	Outside Vehicle Costs	\$-	\$54,319	\$54,319
48	Material-Audio Visual Equipment	Equipment	\$-	\$38,600	\$38,600
49	Salaries-Management Time and One Half	SCG Labor	\$-	\$38,516	\$38,516
50	Service-Contractors-Time & Equipment	Consultants And Contractors	\$-	\$38,125	\$38,125
51	Material-Telecommunications Equipment	Equipment	\$-	\$30,571	\$30,571
52	Salaries-Union Double Time	SCG Labor	\$-	\$28,130	\$28,130
53	Material-Building Materials	Material	\$-	\$27,803	\$27,803
54	Service-Info Tech (It)-Other	Outside Services	\$-	\$25,023	\$25,023
55	Telephone-Cellular Phones	Outside Services	\$-	\$24,543	\$24,543
56	Meals (Incl. Tips) & Entertainment (50% Deductible)	Employee Travel, Meals, Lodging	\$-	\$23,805	\$23,805
57	Material- Maintenance, Repair, Operations & Safety Supplies	Parts & Supplies	\$-	\$21,449	\$21,449

58	<i>Service-Government Turnkey-Design/Build</i>	Outside Services	\$-	\$21,277	\$21,277
59	<i>Service-Printing & Graphics</i>	Outside Services	\$-	\$19,287	\$19,287
60	<i>Service-Mail/Messenger-Courier</i>	Outside Services	\$-	\$14,963	\$14,963
61	<i>Employee Other-Living Expenses-Imputable</i>	Employee Travel, Meals, Lodging	\$-	\$14,677	\$14,677
62	<i>Service-Info Tech (It)-Consulting</i>	Consultants And Contractors	\$-	\$13,184	\$13,184
63	<i>Service-Construction-Electric</i>	Consultants And Contractors	\$-	\$12,703	\$12,703
64	<i>Material-Parts</i>	Parts & Supplies	\$-	\$12,630	\$12,630
65	<i>Service-Contractors-Major Projects</i>	Consultants And Contractors	\$-	\$8,273	\$8,273
66	<i>Material-Printed Materials</i>	Material	\$-	\$8,141	\$8,141
67	<i>Service-Vehicle Painting & Body Repair</i>	Outside Vehicle Costs	\$-	\$7,533	\$7,533
68	<i>Material-Software</i>	Parts & Supplies	\$-	\$6,989	\$6,989
69	<i>Service-Copy-Service Center</i>	Outside Services	\$-	\$5,505	\$5,505
70	<i>Service-Vehicle Towing</i>	Outside Vehicle Costs	\$-	\$5,171	\$5,171
71	<i>Material-Janitorial Supplies</i>	Parts & Supplies	\$-	\$4,697	\$4,697
72	<i>Material-Vehicles</i>	Material	\$-	\$4,259	\$4,259
73	<i>Salaries-Delayed Lunch Premium</i>	Lunch Premium	\$-	\$3,901	\$3,901
74	<i>Employee Benefits-Long Term Disability</i>	Employee Benefits	\$-	\$3,788	\$3,788
75	<i>Material-Vehicle Supplies</i>	Parts & Supplies	\$-	\$3,301	\$3,301
76	<i>Material-Mechanical Equipment</i>	Equipment	\$-	\$3,026	\$3,026
77	<i>Employee Travel-Hotel/Lodging (Room & Tax Only)</i>	Employee Travel, Meals, Lodging	\$-	\$2,809	\$2,809
78	<i>Material-Welding Equipment</i>	Equipment	\$-	\$2,223	\$2,223
79	<i>Meals (Incl. Tips) & Entertainment (100% Deductible)</i>	Employee Travel, Meals, Lodging	\$-	\$1,744	\$1,744
80	<i>Service-Advertising Image & Branding</i>	Outside Services	\$-	\$1,641	\$1,641
81	<i>Material-Electrical Parts</i>	Parts & Supplies	\$-	\$1,623	\$1,623
82	<i>Employee Benefits-Employee Recognition Cash or Cash Equivalent</i>	Employee Recognition Gift Award	\$-	\$1,256	\$1,256
83	<i>Salaries-Part Time Union Time and One Half</i>	SCG Labor	\$-	\$1,225	\$1,225
84	<i>Salaries-Part Time Management Time and One Half</i>	SCG Labor	\$-	\$1,170	\$1,170
85	<i>Service-Copy-Convenience</i>	Outside Services	\$-	\$1,125	\$1,125
86	<i>Salaries-Clerical and Technical Time and One Half</i>	SCG Labor	\$-	\$1,077	\$1,077
87	<i>Material-Laboratory Supplies</i>	Parts & Supplies	\$-	\$1,045	\$1,045

88	Service-Auctioning	Outside Services	\$-	\$1,034	\$1,034
89	Service-Training & Seminars External	Training	\$-	\$842	\$842
90	Employee Travel-Air	Employee Travel, Meals, Lodging	\$-	\$792	\$792
91	Service-On-Line Services/Miscellaneous	Outside Services	\$-	\$787	\$787
92	Material-Electrical Material Miscellaneous	Parts & Supplies	\$-	\$708	\$708
93	Dues-Business/Professional	Outside Services	\$-	\$689	\$689
94	Service-Customer Event	Outside Services	\$-	\$588	\$588
95	Administrative & General - Other Miscellaneous	Miscellaneous	\$-	\$579	\$579
96	Material-Chemicals	Material	\$-	\$566	\$566
97	Material-Freight	Material	\$-	\$534	\$534
98	Service-Mail/Messenger-Postage	Outside Services	\$-	\$448	\$448
99	Employee Benefits-Employee Recognition Noncash \$100 or Less	Employee Recognition Gift Award	\$-	\$425	\$425
100	Employee Travel-Employee Rail	Employee Travel, Meals, Lodging	\$-	\$351	\$351
101	Employee Benefits-Corporate Events Consulting (In-House)	Employee Benefits	\$-	\$299	\$299
102	Material- Gasoline and Diesel Purchased At Offsite Location	Parts & Supplies	\$-	\$276	\$276
103	Material-Liquefied Propane Gas - (LPG)	Parts & Supplies	\$-	\$264	\$264
104	Employee Benefits-Retirement Activities	Employee Recognition Gift Award	\$-	\$232	\$232
105	Employee Travel-Parking	Employee Travel, Meals, Lodging	\$-	\$231	\$231
106	Material-Engines	Material	\$-	\$222	\$222
107	Material-Maintenance Consumables	Parts & Supplies	\$-	\$222	\$222
108	Salaries-Management Doubletime	SCG Labor	\$-	\$194	\$194
109	Service-Construction-Gas Pipeline	Consultants And Contractors	\$-	\$180	\$180
110	Material-Repair Parts	Parts & Supplies	\$-	\$146	\$146
111	Service-Holiday Events	Outside Services	\$-	\$138	\$138
112	Employee Travel-Taxi & Shuttle	Employee Travel, Meals, Lodging	\$-	\$135	\$135
113	Material-Electrical Equipment	Equipment	\$-	\$113	\$113
114	Employee Benefits-Gift Card/Certificate Inventory - \$100 or Less	Employee Recognition Gift Award	\$-	\$112	\$112
115	Employee Benefits-Random Testing	Employee Benefits	\$-	\$100	\$100

116	<i>Service-Freight Auditing/Payments</i>	Outside Services	\$-	\$90	\$90
117	<i>Employee Travel-Other</i>	Employee Travel, Meals, Lodging	\$-	\$84	\$84
118	<i>Service-Safety Related</i>	Outside Services	\$-	\$76	\$76
119	<i>Service-Printing/Graphics Video</i>	Outside Services	\$-	\$74	\$74
120	<i>Government Payments-Permits</i>	Licensing And Permits	\$-	\$59	\$59
121	<i>Service - Food Service 100% Non-Deductible</i>	Outside Services	\$-	\$21	\$21
122	<i>Material-Lamps/Lighting Materials</i>	Material	\$-	\$20	\$20
123	<i>Employee Travel-Per Diem</i>	Employee Travel, Meals, Lodging	\$-	\$8	\$8
124	<i>Material-Subscriptions and Publications</i>	Material	\$-	\$6	\$6
125	<i>Meals (Incl. Tips) & Entertainment 100% Non-Deductible</i>	Employee Travel, Meals, Lodging	\$-	\$4	\$4
126	<i>Employee Travel-Car Rental</i>	Employee Travel, Meals, Lodging	\$-	\$4	\$4
127	<i>Material Issuances-Precharged Office Supplies</i>	Material	\$-	\$(5)	\$(5)
128	<i>Material Issuances-Pipe</i>	Material	\$-	\$(257)	\$(257)
129	<i>Cash Discounts on Purchases</i>	Outside Services	\$0	\$(159,280)	\$(159,280)
130	<i>O&M Reductions - Cost Avoidance</i>		\$-	\$(8,349,450)	\$(8,349,450)

CPPMA Line Items

	Line Item and Description (Cost Elements)	Short Description	Incremental Capex	Incremental O&M	Incremental Cost
1	<i>Salaries-Management Straight-Time</i>	<i>SCG Labor</i>	\$0	\$1,122,993	\$1,122,993
2	<i>Incentive Compensation Plan (Costing Sheet)</i>	<i>Overheads</i>	\$0	\$977,002	\$977,002
3	<i>Service-Contract Labor</i>	<i>Consultants and Contractors</i>	\$0	\$247,003	\$247,003
4	<i>Pension & Benefit - Nonlabor SoCalGas</i>	<i>Overheads</i>	\$0	\$201,586	\$201,586
5	<i>Service-Consulting-Other</i>	<i>Consultants and Contractors</i>	\$0	\$200,820	\$200,820
6	<i>Vacation & Sick (Costing Sheet)</i>	<i>Overheads</i>	\$0	\$192,683	\$192,683
7	<i>Payroll Taxes (Costing Sheet) SoCalGas</i>	<i>Overheads</i>	\$0	\$190,667	\$190,667
8	<i>Service-Contractors-Consulting</i>	<i>Consultants and Contractors</i>	\$0	\$92,078	\$92,078
9	<i>Service-Printing & Graphics</i>	<i>Outside Services</i>	\$0	\$32,611	\$32,611
10	<i>Service-Advertising and Marketing</i>	<i>Outside Services</i>	\$0	\$31,320	\$31,320
11	<i>Payroll Taxes - Incentive Compensation Plan (Costing Sheet) SoCalGas</i>	<i>Overheads</i>	\$0	\$23,144	\$23,144
12	<i>Worker's Compensation -Non Labor (Cs) SoCalGas</i>	<i>Overheads</i>	\$0	\$19,426	\$19,426
13	<i>Public Liabilities & Property Damage-Nonlabor SoCalGas</i>	<i>Overheads</i>	\$0	\$15,709	\$15,709
14	<i>Purchasing Labor (Costing Sheet)</i>	<i>Overheads</i>	\$0	\$10,515	\$10,515
15	<i>Pension & Benefits - Labor SoCalGas</i>	<i>Overheads</i>	\$0	\$4,782	\$4,782
16	<i>Purchasing Nonlabor (Costing Sheet)</i>	<i>Overheads</i>	\$0	\$3,856	\$3,856
17	<i>Salaries-Employment Contract Management Straight-Time</i>	<i>SCG Labor</i>	\$0	\$3,514	\$3,514
18	<i>Worker's Compensation -Labor (Costing Sheet) SoCalGas</i>	<i>Overheads</i>	\$0	\$3,039	\$3,039
19	<i>Incentive Compensation Plan (Clearing)</i>	<i>Overheads</i>	\$0	\$1,212	\$1,212
20	<i>Pension & Benefit- Nonrefundable-Nonlabor (Clearing) SoCalGas</i>	<i>Overheads</i>	\$0	\$1,143	\$1,143
21	<i>Vacation & Sick (Clearing)</i>	<i>Overheads</i>	\$0	\$984	\$984
22	<i>Public Liabilities & Property Damage-Lab SoCalGas</i>	<i>Overheads</i>	\$0	\$906	\$906
23	<i>Payroll Taxes (Clearing) SoCalGas</i>	<i>Overheads</i>	\$0	\$729	\$729
24	<i>Material-Computer Equipment</i>	<i>Equipment</i>	\$0	\$532	\$532

25	<i>Public Liabilities & Property Damage Nonlabor (Clearing) SoCalGas</i>	<i>Overheads</i>	\$0	\$524	\$524
26	<i>Service - Printing Business Forms</i>	<i>Outside Services</i>	\$0	\$382	\$382
27	<i>Worker's Compensation - Nonlabor (Clearing) SoCalGas</i>	<i>Overheads</i>	\$0	\$364	\$364
28	<i>Pension & Benefit- Nonrefundable-Labor (Clearing) SoCalGas</i>	<i>Overheads</i>	\$0	\$129	\$129
29	<i>Worker's Compensation - Labor (Clearing) SoCalGas</i>	<i>Overheads</i>	\$0	\$19	\$19
30	<i>Public Liabilities & Property Damage Labor (Clearing) SoCalGas</i>	<i>Overheads</i>	\$0	\$6	\$6
31	<i>Salaries-Management Straight- Time</i>	<i>SCG Labor</i>	\$0	\$3	\$3
32	<i>Accounting Adjustment-No Overhead Applied</i>	<i>Miscellaneous</i>	\$0	\$(8,220)	\$(8,220)