



**BEFORE THE PUBLIC UTILITIES COMMISSION**

**OF THE**

**STATE OF CALIFORNIA**

**FILED**

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**Application of Southern California Gas  
Company (U904G) to Recover Costs  
Recorded in the Transmission Integrity  
Management Program Balancing Account  
from January 1, 2019 to December 31, 2023.**

**Application 25-04-020**

**(Filed April 30, 2025)**

**INDICATED SHIPPERS OPENING BRIEF**

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### **Summary of Recommendations**

- The Commission should find that SoCalGas failed to carry its burden of affirmatively establishing the reasonableness of its request to recover the \$173.8 million revenue requirement recorded to its Transmission Integrity Management Program (TIMP) Balancing Account (TIMPBA) for the period of October 1, 2022, to December 31, 2023.
- The Commission should find that SoCalGas's requested TIMP expenditures were not prudently and reasonably incurred.
- The Commission should find that SoCalGas failed to support its request with adequate documentation.
- The Commission should conclude that SoCalGas's TIMP expenditures recorded to the TIMPBA for the period of October 1, 2022 to December 31, 2023 are not just and reasonable, and that the entire \$173.8 million should be disallowed.
- The Commission should conclude that SoCalGas failed to comply with Public Utilities Code Section 464(b).
- The Commission should conclude that SoCalGas's TIMP expenditures are inconsistent with the Commission's affordability, risk prioritization, and long-term gas system planning policies.
- The Commission should find that SoCalGas's request to recover its TIMP expenditures over a 12-month period would exacerbate ratepayer affordability concerns, and is not justified.
- The Commission should conclude that, to the extent any costs are deemed just and reasonable, SoCalGas should recover those costs over a 36-month amortization period, to smooth rate impacts and mitigate ratepayer harm.

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

**Application of Southern California Gas Company (U904G) to Recover Costs Recorded in the Transmission Integrity Management Program Balancing Account from January 1, 2019 to December 31, 2023.**

**Application 25-04-020**

**(Filed April 30, 2025)**

**INDICATED SHIPPERS OPENING BRIEF**

The Indicated Shippers<sup>1</sup> submit this opening brief pursuant to Rule 13.12 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, and the schedule set by Assigned Commissioner Darcie L. Houck in the August 18, 2025 *Assigned Commissioner's Scoping Memo And Ruling*.

**I. INTRODUCTION**

Southern California Gas Company (SoCalGas) fails to establish the reasonableness of its request to recover the \$173.8 million revenue requirement recorded to its Transmission Integrity Management Program (TIMP) Balancing Account (TIMPBA) for the period of October 1, 2022, to December 31, 2023.<sup>2</sup> This request goes beyond a routine true-up; it is the second installment of a staggering 148 percent budget overrun for the test year (TY) 2019 General Rate Case (GRC) cycle, bringing SoCalGas's total overspending to approximately \$401 million above the

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<sup>1</sup> The Indicated Shippers represent the natural gas non-core customer interests of the following companies in this proceeding: BP Energy Company, California Resources Corp., Chevron U.S.A. Inc., Marathon Petroleum Company LP, PBF Holding Company, and Phillips 66 Company.

<sup>2</sup> *Application Of Southern California Gas Company (U 904 G) To Recover Costs Recorded In The Transmission Integrity Management Program Balancing Account From January 1, 2019 To December 31, 2023*, Application (A.) 25-04-020, Apr. 30, 2025 (Application) at 1.

authorized amount of approximately 2701 million.<sup>3</sup> This troubling pattern of fiscal indiscipline has persisted since the Timpba's inception, demonstrating that SoCalGas has consistently treated its Timp budget as a floor, rather than a ceiling.

SoCalGas claims its Timp overspending arose from new Timp regulatory requirements enacted after the TY 2019 GRC. The record shows otherwise. SoCalGas's request covers Timp activities that exceed both the scope and pace of actual requirements, due to SoCalGas's discretionary acceleration of pipeline assessments years ahead of the 2034 compliance deadline. SoCalGas willfully chose to front-load this expensive work without regard for the Commission's authorized expenditure level and explicit directive to balance safety with rate affordability.<sup>4</sup> Critically, the Indicated Shippers and other intervenors present substantial evidence raising reasonable doubt as to the prudence of SoCalGas's actions, citing failures in planning cost control, and proper cost containment measures. These failures are compounded by the fact that SoCalGas has not provided adequate documentation necessary for the Commission to fully evaluate the prudence and reasonableness of its Timp expenditures.

Granting SoCalGas's deficient request would result in an extraordinary financial burden on customers, particularly those paying Backbone Transportation Service (BTS) rates, which indirectly includes core customers, as BTS service is embedded in core rates. Specifically, the record shows that SoCalGas's request to recover its imprudently incurred Timpba revenue requirement over 12 months would increase BTS rates by approximately 18.7 percent.<sup>5</sup> This

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<sup>3</sup> IS-01 at 8:3-4.

<sup>4</sup> D.19-09-051, *Decision Addressing The Test Year 2019 General Rate Cases Of San Diego Gas & Electric Company And Southern California Gas Company*, A.17-10-007/008, Oct. 1, 2019 at Finding of Fact (FoF) 81.

<sup>5</sup> IS-01 at 23:15-18.



dramatic escalation would compound the financial burden associated with SoCalGas's recent and future cost recovery requests, including the 33.5 percent BTS rate increase resulting from SoCalGas's recovery of its first tranche of TIMP overspending for the same 2019 GRC cycle.<sup>6</sup>

Given SoCalGas's blatant failure to demonstrate that the costs at issue were reasonably and prudently incurred, and in light of the associated ratepayer burden, the Commission must deny the requested TIMP revenue requirement in its entirety. Doing so would shield ratepayers from unjust and unreasonable rates, and underscore the need for SoCalGas and other utilities to properly balance important safety work with critical rate affordability concerns while still complying with all pipeline safety rules, codes, and standards. Alternatively, if any TIMP expenditures are approved in this proceeding, the Commission must direct SoCalGas to recover those costs over a minimum of 36 months, to mitigate customer rate shock.

## **II. LEGAL STANDARD**

The Commission has a statutory duty under Public Utilities Code Section 451 to ensure that all rates and charges approved for SoCalGas are just and reasonable.<sup>7</sup> Pursuant to Public Utilities Code Section 454, SoCalGas may not change any rate "except upon a showing before the

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<sup>6</sup> IS-01 at 23:19-22 ("This excessive increase would directly affect the Indicated Shippers, who were burdened by the prior 33.5% BTS rate increase associated with SoCalGas's recovery of the \$227.3 million TIMPBA under-collection approved by Resolution Res. G-3600. That prior TIMP burden was fully collected as of July 2025.").

<sup>7</sup> Pub. Util. Code §451; *see also* D.23-11-089, *Decision Approving Southern California Edison Company's Application to Recover Costs Related to 2018-2020 Drought, Firestorms, Earthquake and Windstorms, and COVID-19 in Its CEMA and Costs Related to Wildfire Property Insurance*, A.21-09-019, Dec. 8, 2023 at Conclusion of Law (CoL) 2 ("As required by Pub. Util. Code Section 451, all rates and charges collected by a public utility must be just and reasonable"); D.19-05-020, *On Test Year 2018 General Rate Case for Southern California Edison Company*, A.16-09-001, May 24, 2019 at 17 ("We remain mindful that our fundamental responsibility is to ensure that the utilities under our jurisdiction are equipped to provide safe and reliable service at just and reasonable rates.").

commission and a finding by the commission that the new rate is justified.”<sup>8</sup> As the applicant in this ratesetting proceeding, SoCalGas bears the sole burden of affirmatively establishing the reasonableness of all aspects of its request.<sup>9</sup>

In evaluating whether costs are just and reasonable, the Commission applies the Prudent Manager Standard.<sup>10</sup> Under this standard, SoCalGas must “affirmatively prove that it reasonably and prudently operated and managed its system.”<sup>11</sup> That means SoCalGas must show that its “actions, practices, methods, and decisions show reasonable judgment in light of what it knew or should have known at the time,”<sup>12</sup> and that it sought to accomplish the desired result “at the lowest reasonable cost consistent with good utility practices.”<sup>13</sup> “Good utility practices are based upon cost effectiveness, safety, and expedition.”<sup>14</sup> The Commission has clarified that this is not a standard of perfection; “rather, it requires evidence that all actions were well planned, properly supervised, and supported by necessary records.”<sup>15</sup>

The burden of proof in a Prudent Manager review “rests heavily on a utility to prove...that it is entitled to the requested rate relief and not upon the Commission, its staff, or any interested

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<sup>8</sup> Pub. Util. Code §454; *see also* D.12-12-030, *Decision Mandating Pipeline Safety Implementation Plan, Disallowing Costs, Allocating Risk Of Inefficient Construction Management To Shareholders, And Requiring Ongoing Improvement In Safety Engineering*, R.11-02-019, Dec. 28, 2012 at 41.

<sup>9</sup> D.24-12-074 at 32.

<sup>10</sup> D.18-07-025 *Order Denying Rehearing of D.17-11-033*, A.15-09-010, Jul. 13, 2018 at 5.

<sup>11</sup> *Id.* at 3 (citing to D.87-06-021, 24 Cal.P.U.C.2d 476 at 486).

<sup>12</sup> *Id.*

<sup>13</sup> D.17-11-033, *Decision Denying Application*, A.15-09-010, Dec. 6, 2017 at 10 (quoting 24 CPUC 2d 476, 486.).

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 6 (quoting D.14-06-007, *Decision Implementing A Safety Enhancement Plan And Approval Process For San Diego Gas & Electric Company And Southern California Gas Company; Denying The Proposed Cost Allocation For Safety Enhancement Costs; And Adopting A Ratemaking Settlement*, A.11-11-002, Jun. 20, 2014 at 31, 36).

party to prove the contrary.”<sup>16</sup> The applicable standard of proof in this proceeding is a preponderance of the evidence, meaning SoCalGas must present evidence that, “when weighed against opposing evidence, has greater convincing force and probability of truth.”<sup>17</sup> Parties proposing a different outcome bear only the burden of producing evidence to support their recommendation.<sup>18</sup> This burden is “distinct from the ultimate burden of proof,” and “relates to raising a reasonable doubt as to utility’s position and presenting evidence explaining the counterpoint position.”<sup>19</sup> If such evidence causes the Commission to entertain a reasonable doubt, and SoCalGas fails to overcome that doubt, SoCalGas has not met its ultimate burden of proof.<sup>20</sup>

Critically, SoCalGas “is not entitled to a presumption of prudence regarding its costs” in this proceeding.<sup>21</sup> Rather, “[w]hat critically matters is the prudence of the utility’s actions, which the utility has the burden of proving, *regardless of the testimonies of other parties.*”<sup>22</sup> When the Commission finds that costs are not just and reasonable, it “can and must disallow those costs: that is, unjust or unreasonable costs must not be recovered in rates from ratepayers.”<sup>23</sup>

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<sup>16</sup> D.18-07-025 at 6 (quoting D.02-08-064, *Investigation into the Natural Gas Procurement Practices of Southwest Gas Company*, I.01-06-047, Aug. 29 2002 at 5-8) (ellipsis in original).

<sup>17</sup> D.08-12-058, *Decision Granting a Certificate of Public Convenience and Necessity for the Sunrise Powerlink Transmission Project*, A.06-08-010, Dec. 24, 2008 at 19.

<sup>18</sup> D.21-11-036 *Order Modifying D1909025 and Denying Rehearing of D1909025 as Modified*, A.17-11-009, Nov. 19, 2021 at 4.

<sup>19</sup> D.21-11-036 at 4 (quoting D.87-12-067 at 25-26).

<sup>20</sup> *Id.*

<sup>21</sup> D.21-11-036 at 15.

<sup>22</sup> *Id.* at 6 (emphasis added).

<sup>23</sup> D.18-07-025 at 5 (quoting D.14-06-007).

Disallowances are a common ratemaking adjustment that fall squarely within the Commission's "broad and exclusive Constitutional and statutory authority in fixing utility rates."<sup>24</sup>

Under Public Utilities Code SoCalGas 463(b), when a utility fails to maintain records sufficient for the Commission to fully evaluate the prudence and reasonableness of its expenditures, those costs cannot be recovered in rates.<sup>25</sup> This provision reflects the fundamental principle that the burden of proof includes the obligation to preserve and present documentation that enables meaningful review of the requested costs. If SoCalGas cannot produce records that allow the Commission to completely assess whether its spending was justified, the law requires disallowance of those costs. This safeguard ensures that utilities cannot evade accountability by failing to maintain complete and adequate records, and it reinforces the Commission's mandate to protect ratepayers from charges that cannot be substantiated.

Finally, even where an applicant meets its burden of proof, the Commission may deny recovery based on policy considerations, including impacts on utility decision-making, customer options, industry structure, and consistency with other Commission rules and policies.<sup>26</sup> Thus,

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<sup>24</sup> D.15-06-035 at 11 (citing *Southern California Edison Company v. Peevey* (2003) 31 Cal.4th 781, 792; *San Diego Gas & Electric Company v. Superior Court* (1996) 13 Cal.4th 893, 914-915; *Consumers Lobby Against Monopolies v. Public Utilities Commission* (1979) 25 Cal.3d 891, 905).

<sup>25</sup> Pub. Util. Code §463(b) ("Whenever an electrical or gas corporation fails to prepare or maintain records sufficient to enable the commission to completely evaluate any relevant or potentially relevant issue related to the reasonableness and prudence of any expense relating to the planning, construction, or operation of the corporation's plant, the commission shall disallow that expense for purposes of establishing rates for the corporation.").

<sup>26</sup> D.93-12-043, *In the Matter of the Application of Southern California Gas Company for Authority to Increase Rates Charged for Gas Service Based on Test Year 1994 and to Include an Attrition Allowance for 1995 and 1996*; Order Instituting Investigation into the Rates, Charges, and Practices of Southern California Gas Company, 52 Cal.P.U.C.2d 471, 484 ("a party may fulfill its burden of proof to demonstrate the facts it asserts but still receive an unfavorable decision outcome. This is because many of our decisions are policy judgements. In many cases, we must consider how our decision influences

SoCalGas must do more than present broad claims about the reasonableness of its requested costs and its purported compliance with regulatory requirements; it must affirmatively establish that its requested costs and cost recovery method align with both prudence and sound policy. The record in this proceeding demonstrates that SoCalGas has failed to carry this burden, and that this Application must be denied.

### **III. BACKGROUND**

#### **A. TIMP Cost Recovery Framework**

SoCalGas's TIMP was established as a result of the Pipeline Safety Improvement Act of 2002 and the enactment of 49 CFR Part 192 Subpart O (Subpart O), which mandate integrity management for gas transmission pipelines in High Consequence Areas (HCAs).<sup>27</sup> Effective July 1, 2020, the Pipeline and Hazardous Materials Safety Administration (PHMSA) implemented the Gas Transmission Safety Rule, codified in 49 CFR 192.710. This new rule expanded integrity assessment requirements beyond HCAs to include Class 3 and 4 locations, and newly defined Moderate Consequence Areas (MCAs) for onshore steel transmission pipelines operating at or above 30 percent of specified minimum yield strength.<sup>28</sup> Operators must complete initial assessments for these non-HCA segments by July 3, 2034, or within ten years of applicability, and reassess at least every 10 years thereafter.<sup>29</sup> The regulation prescribes seven approved assessment methods, ranging from in-line inspection and pressure testing, to direct examination and other technologies.<sup>30</sup>

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utility decision-making, customer options, the structure of the industry, and whether a proposal is consistent with other policy decisions and rules.”).

<sup>27</sup> SCG-01 at TTS-4.

<sup>28</sup> IS-01 at 12:6-12; 49 CFR §192.710(a).

<sup>29</sup> IS-01 at 12:12-16; 49 CFR §192.710(b)(1)-(2).

<sup>30</sup> IS-01 at 13:1-12; 49 CFR §192.710(c)(1)-(7).

SoCalGas records its TIMP Operations and Management (O&M) expenses and capital expenditures in the TIMPBA, which was authorized as a two-way balancing account in D.13-05-010, pursuant to Public Utilities Code Section 969.<sup>31</sup> In authorizing this mechanism, the Commission sought to ensure that SoCalGas had sufficient funds to perform federally mandated pipeline integrity assessments, by allowing SoCalGas to seek Tier 3 advice letter review for costs exceeding GRC-authorized levels.<sup>32</sup>

The Commission refined this recovery framework in subsequent GRC decisions. In D.16-06-054, the Commission limited the Tier 3 advice letter recovery process to overspending up to 35 percent of the authorized revenue requirement, with amounts above that threshold requiring a separate application.<sup>33</sup> In D.19-09-051, the Commission modified the calculation methodology for the 35 percent threshold and reaffirmed the cost recovery process, stating that SoCalGas “should be able to appropriately explain and provide information regarding” any above-authorized TIMP spending.<sup>34</sup> These changes reflected the Commission’s intent to balance safety compliance with ratepayer protections.

Most recently, in the TY 2024 GRC decision,<sup>35</sup> the Commission fundamentally altered the TIMP cost recovery framework by converting the TIMPBA to a one-way balancing account.<sup>36</sup> The Commission also directed SoCalGas to record excess costs in a memorandum account, subject to

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<sup>31</sup> D.13-05-010, *Decision On General Rate Cases Of San Diego Gas & Electric Company And Southern California Gas Company*, A.10-12-005/006, May 14, 2013 at Ordering Paragraph (OP) 19.

<sup>32</sup> D.13-05-010 at 421-422 and FoF 202-204.

<sup>33</sup> D.16-06-054, *Decision Addressing The General Rate Cases Of San Diego Gas & Electric Company And Southern California Gas Company And The Proposed Settlements Resolution* at 26-27 and Conclusion of Law (CoL) 76.

<sup>34</sup> D.19-09-051 at 191, 694-695 and CoL 104.

<sup>35</sup> D.24-12-074, *Decision Addressing The 2024 Test Year General Rate Cases Of Southern California Gas Company And San Diego Gas & Electric Company*, A.22-05-015/016, Dec. 23, 2024.

<sup>36</sup> D.24-12-074 at 853.

review in an application rather than the advice letter process.<sup>37</sup> In doing so, the Commission sought to reduce the amounts recovered in rates through advice letters and ensure that future above-authorized costs are considered “via the more thorough reasonableness review application process that will better protect ratepayers.”<sup>38</sup> Although D.24-12-074’s modified framework applies to costs incurred for the 2024 GRC cycle, these changes reflect the Commission’s express recognition of SoCalGas’s historic lack of cost discipline in administering the TIMP, and the resultant ratepayer harm.

### **B. SoCalGas’s Pattern of TIMP Overspending**

SoCalGas’s request in this proceeding is the latest chapter in a decade-long history of systemic overspending that treats Commission-authorized revenue requirements as a floor, rather than a budget or ceiling. Since the inception of the TIMPBA, SoCalGas has consistently exceeded its GRC-authorized budget for the TIMP. For the 2012–2014 period alone, SoCalGas overspent its authorized revenue requirement by \$48 million, which SoCalGas was able to recover through the Tier 3 Advice Letter process in Resolution (Res.) G-3499<sup>39</sup> and Res. G-3517.<sup>40</sup>

This trend accelerated dramatically during the 2019 GRC cycle. Despite being authorized \$539 million for TIMP O&M and capital expenditures for the 2019–2023 period, SoCalGas’s actual spending ballooned to \$1.053 billion—an excess of 95 percent above the authorized amount.<sup>41</sup>

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<sup>37</sup> D.24-12-074 at 850.

<sup>38</sup> D.24-12-074 at 248.

<sup>39</sup> Res. G-3499, *Southern California Gas Company (SoCalGas) request for recovery of the Transmission Integrity Management Program (TIMP) Balancing Account balance as recorded on December 31, 2013*, Jun. 11, 2015.

<sup>40</sup> Res. G-3517, *Southern California Gas Company (SoCalGas) request for recovery of the Transmission Integrity Management Program (TIMP) Balancing Account balance for the year ending 2014*, May 12, 2016.

<sup>41</sup> IS-01, *Direct Testimony of Brian C. Collins on Behalf of Indicated Shippers*, A.25-04-020, Sep. 23, 2025 at 7:11-15 (“Actual O&M and capital expenditures total \$1,052,820,000; authorized expenditures total

In total, SoCalGas's actual TIMP revenue requirement for the TY 2019 GRC cycle is \$671.7 million, which amounts to a cumulative over-spend of \$401.14 million, or 148 percent of the \$270.57 million revenue requirement authorized in D.19-05-010.<sup>42</sup> SoCalGas has already secured recovery of \$227.3 million in overspent revenue requirement for the period ending September 30, 2022, via Resolution G-3600.<sup>43</sup> In the instant proceeding, SoCalGas seeks an additional \$173.8 million for overspending incurred from October 1, 2022, to December 31, 2023.<sup>44</sup>

Importantly, in the 2024 GRC Decision, the Commission agreed with Intervenor's contentions that "TIMP costs have been excessive, and undercollections have risen for programming where [Risk Spend Efficiencies] are low."<sup>45</sup> Accordingly, the Commission in that decision directed SoCalGas to perform an independent study of the efficiency of the TIMP and related activities, "to determine how best to improve their effectiveness, efficiency, and cost-effectiveness."<sup>46</sup> This directive reflects the Commission's conclusion that SoCalGas has historically failed to administer the TIMP in a prudent and reasonable manner.

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\$538,938,000.  $\$1,052,820,000 / \$538,938,000 - 1 = 95.4\%$ "); IS-01 at 9:12-14 ("In total, SoCalGas's actual TIMP spending of approximately \$1.053 billion (O&M and capital) is nearly double its authorized budget of \$539 million for the 2019-2023 period.").

<sup>42</sup> IS-01 at 7:18-8:3-6 ("The authorized amount of TY 2019 GRC Cycle revenue requirement is \$270.571 million . . . The actual amount is \$671.706 million in revenue requirement. This amounts to a cumulative over-spend versus authorized amount of \$401.135 million in revenue requirement, or approximately 148% of the authorized revenue requirement amount.").

<sup>43</sup> Res. G-3600, *Southern California Gas Company's request for recovery of the Transmission Integrity Management Program Balancing Account balance for January 1, 2019 to December 31, 2023*, Jun. 4, 2024.

<sup>44</sup> SCG-01 at TTS-1.

<sup>45</sup> D.24-12-074 at 853.

<sup>46</sup> IS-01 at 5:15-20; D.24-12-074 at OP 34.



#### **IV. WHETHER SOCALGAS'S TIMPBA EXPENDITURES AND COST RECOVERY REQUEST OF \$173.8 MILLION ARE JUST AND REASONABLE**

The record demonstrates that SoCalGas has failed to carry its burden of proving that its TIMPBA expenditures and the associated \$173.8 million revenue requirement are just and reasonable. This Application represents the culmination of a massive budget overrun that has nearly doubled SoCalGas's authorized expenditures for the 2019 GRC cycle for pipeline integrity work that has not been wholly and sufficiently justified. While pipeline safety is critical, it does not obviate SoCalGas's responsibility to mitigate risk at the lowest reasonable cost.<sup>47</sup> Under the Prudent Manager Standard, SoCalGas must affirmatively establish that these expenditures were necessary and incurred in a manner consistent with good utility practice. Instead, the evidence shows that SoCalGas adopted an accelerated, resource-intensive approach that exceeded regulatory requirements, without analyzing cost-effective alternatives and project pacing, resulting in extraordinary overspending far beyond authorized levels.

As Indicated Shippers witness Brian C. Collins demonstrates, SoCalGas's actual TIMP expenditures for the 2019 GRC period ballooned to \$1.053 billion, dwarfing the GRC-authorized budget of \$539 million.<sup>48</sup> The total associated revenue requirement being requested is now roughly \$401 million, or approximately 148 percent, above the amounts authorized in D.19-09-

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<sup>47</sup> See D.22-10-002, R.20-07-013, Oct. 6, 2022 at 5-6 ("Public Utilities Code (Pub. Util. Code) Section 963(b)(3) states that it is the policy of the state of California that the Commission and each gas corporation place safety of the public and gas corporation employees as the top priority and that the commission shall take all reasonable and appropriate actions necessary to carry out a safety priority policy consistent with the principle of just and reasonable cost-based rates."); D.24-05-064, *Phase 3 Decision*, R.20-07-013, Jun. 6, 2024 at 28 ("This is essential if the Commission is to ensure strategic targeting of mitigations such that the greatest risk reduction benefits are achieved at the lowest cost, while taking into account the need to minimize risks as quickly as possible. Ensuring the greatest risk reduction benefits are achieved at the lowest cost is essential to ensuring just, reasonable, and affordable rates.").

<sup>48</sup> IS-01 at 9:12-14.

051.<sup>49</sup> In Res. G-3600, the Commission authorized SoCalGas's advice letter request to recover \$227.3 million of that above-authorized revenue requirement for overspending recorded from January 1, 2019 through September 30, 2022.<sup>50</sup> Now, SoCalGas seeks to recover the remaining \$173.8 million in overspending primarily for Operating and Maintenance (O&M) activities undertaken between October 1, 2022 and December 31, 2023 through rates, over a 12-month period. Table 1,<sup>51</sup> below, compares SoCalGas's authorized actual TIMP expenditures and revenue requirement for the 2019 GRC cycle:

Table 1						
SoCalGas TIMP Expenditures (\$ million)						
	O&M	CAPEX	Total	Difference vs. Authorized	% Overspend	Decision / Application
TY 2019 GRC Cycle Authorized	\$ 251	\$ 288	\$ 539	---	---	D.19-09-051
Actual 2019-2023	\$ 530	\$ 523	\$ 1,053	\$ 514	95%	A.25-04-020
SoCalGas TIMP Revenue Requirement (\$ million)						
	O&M	CAPEX	Interest	Total	% Overspend	Decision / Advice Letter/ Application
TY 2019 GRC Cycle Authorized	\$ 251	\$ 20	\$ -	\$ 271		D.19-09-051
Actual (Interest through June 2025)	\$ 530	\$ 97	\$ 44	\$ 672		
Overspend	\$ 279	\$ 78	\$ 44	\$ 401	148%	
AL 6060A-G Recovery	\$(129)	\$(82)	\$(16)	\$(227)		AL 6060A-G / Resolution G-3600
A.25-04-020	\$ 150	\$(5)	\$ 28	\$ 174		A.25-04-020

This level of overspending cannot be reconciled with SoCalGas's obligation to act as a prudent manager and steward of ratepayer interests. Given SoCalGas's failure to affirmatively establish that its TIMPBA expenditures were reasonably and prudently incurred, the Commission must deny the entirety of SoCalGas's requested \$173.8 million revenue requirement.

<sup>49</sup> IS-01 at 8:3-6.

<sup>50</sup> Res. G-3600 at OP 6 and 9; SCG-03 at RMY-3 (noting that this amount was authorized for recovery through rates from Jul. 2024 through Jun. 2025).

<sup>51</sup> IS-01 at 8 (Table 1).

**A. SoCalGas's Reliance on Regulatory Changes Does Not Excuse or Justify Its Excessive Overspending**

SoCalGas primarily attributes its expenditures to “the expansion of TIMP regulatory requirements that increased the amounts of threats categorized as active on SoCalGas pipelines.”<sup>52</sup> Specifically, SoCalGas cites to PHMSA’s July 1, 2020 amendments to 49 CFR 192.710, which expanded integrity assessment requirements beyond HCAs.<sup>53</sup> However, the record reflects that, while these changes expanded compliance obligations, they did not mandate the accelerated, resource-intensive approach that SoCalGas adopted resulting in massive overspending.

As Indicated Shippers Witness Brian Collins explains, the new regulations afforded pipeline operators with significant flexibility in satisfying the new requirements. This flexibility included the ability to utilize prior initial assessments for non-HCA pipelines, and the exclusion of low-stress transmission lines operating below 30 percent of Specified Minimum Yield Strength (SMYS).<sup>54</sup> Furthermore, pipeline operators are required to complete non-HCA pipeline assessments by July 3, 2034, or within 10 years of applicability, and reassess at least every 10 years thereafter.<sup>55</sup>

Rather than leverage this regulatory compliance flexibility, SoCalGas imprudently accelerated its assessment of non-HCA pipelines, which comprised nearly 60 percent of the 2,177 total pipeline miles assessed during the 2019 GRC cycle.<sup>56</sup> Witness Collins emphasizes that

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<sup>52</sup> SCG-01 at TTS-1 – TTS-2.

<sup>53</sup> IS-01 at 12:10-13; 49 CFR §192.710(a).

<sup>54</sup> IS-01 at 14:8-13 (citing Federal Register, Volume 84, No. 190, Oct. 1, 2019 at 52214-52215).

<sup>55</sup> IS-01 at 12:14-16; 49 CFR §192.710(b)(1)-(2).

<sup>56</sup> IS-01 at 13:15-14:2.

SoCalGas provides no evidence that it considered deferring non-HCA assessments to later years, as permitted by regulation,<sup>57</sup> or that it analyzed operational alternatives, such as derating pipelines, to avoid or defer costly assessments.<sup>58</sup> Nor did SoCalGas examine its TIMP program for cost inefficiencies,<sup>59</sup> or perform any cost-benefit analyses to guide its prioritization of the TIMP work.<sup>60</sup> Instead, SoCalGas accelerated discretionary work on non-HCA pipelines and defaulted to the direct examination methodology, which required extensive physical excavation work that drove up costs.<sup>61</sup>

Small Business Utilities Advocates (SBUA) Witness Matt Sheriff's testimony<sup>62</sup> corroborates these findings, noting SoCalGas's failure to provide any qualitative explanation or planning documents to justify the dramatic increase in scope and cost.<sup>63</sup> He explains that SoCalGas did not provide a schedule or methodology for prioritizing work under the new regulations, nor did it

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<sup>57</sup> IS-01 at 17:11-13, Appendix B (SoCalGas Response to IS-SoCalGas-001, Question 13(b)).

<sup>58</sup> IS-01 at 17:17-18:4 ("Based on the evidence provided by SoCalGas, it appears that SoCalGas did not conduct any such analysis. This is important analysis to conduct, regardless of the outcome . . . Such analysis could potentially optimize the timing and scope of TIMP spending on non-HCA pipelines, and would be appropriate to help the Commission ensure that TIMP costs were reasonably incurred and appropriate for cost recovery from customers.").

<sup>59</sup> IS-01 at 19:5-8 ("In Data Request IS-SCG-001, Question 18, SoCalGas was asked to provide any reports, memos, or similar documents analyzing cost inefficiencies in its TIMP for the period 2019-2023. SoCalGas responded that it had not analyzed its TIMP for any inefficiencies.") (citing IS-01 at Appendix B, p. 6).

<sup>60</sup> IS-01 at 20:1-6 ("In response to IS Data Request IS-1 SCG-001, Question 9, SoCalGas indicates that it has no minimum level of benefits for a TIMP project. 49 CFR 192.710 requires that the initial assessment performed for non-HCA pipeline segments be conducted on a risk prioritization basis. Furthermore, in response to Data Request IS-SCG-001, Question 16, SoCalGas indicated that it has not performed any cost benefit analysis.") (citing IS-01 at Appendix B, pp. 1 and 6; 49 CFR §192.710(b)(1)).

<sup>61</sup> IS-01 at 16:13-16 ("According to the testimony of SoCalGas witness Travis T. Sera, "[d]irect examination of pipelines is resource intensive and requires excavation of the pipeline to allow 360° access to assess the pipe's condition and to determine if any remediation work is required.") (quoting SCG-01 at TTS-2:15-17).

<sup>62</sup> SBUA-01, *Prepared Testimony Of Matt Sheriff On Behalf Of Small Business Utility Advocates*, A.25-04-020, Sep. 23, 2025.

<sup>63</sup> SBUA-01 at 10-11.

quantify how much of the non-HCA mileage inspected was actually required by the rule, and what could have been deferred.<sup>64</sup>

Critically, Witness Sheriff highlights that that SoCalGas's own 2019 GRC testimony acknowledged proactive expansion of the TIMP into non-HCA areas that were beyond the then-current requirements set forth in Subpart O.<sup>65</sup> The Commission recognized this proactive expansion when it authorized SoCalGas's 2019 GRC revenue requirement, and added that "SoCalGas should continue to properly prioritize what pipelines are to be inspected."<sup>66</sup> This fact undermines SoCalGas's claim in this proceeding that the subsequent non-HCA work required by, or incidental to, expanded federal regulations was not forecasted in the 2019 GRC.<sup>67</sup> Critically, this contradiction underscores that SoCalGas's accelerated approach was not compelled by regulation, but was a discretionary managerial choice to front-load work that could have been staggered over a decade to mitigate ratepayer impact.

The independent analysis conducted by the Public Advocates Office (Cal Advocates) demonstrates that SoCalGas is effectively attempting to recover costs for some activities that were already funded in the 2019 GRC.<sup>68</sup> Cal Advocates Witness Emily Chow shows that SoCalGas failed to demonstrate that certain of the requested O&M costs incurred were actually incremental to what was already authorized for the TIMP program.<sup>69</sup> Because SoCalGas failed to

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<sup>64</sup> SBUA-01 at 11-13.

<sup>65</sup> SBUA-01 at 12:2-8.

<sup>66</sup> D.19-09-051 at FoF 81 ("TIMP inspections have been proactively expanded over the years to include non-HCA areas which are beyond the current requirements set forth by Subpart O but SoCalGas should continue to properly prioritize what pipelines are to be inspected.")

<sup>67</sup> SCG-01 at TTS-1; SCG-05 at SZGY-5 - SZGY-6.

<sup>68</sup> CA-01, *Report on the Results of Operations for Southern California Gas Company Transmission Integrity Management Program Balancing Account*, A.25-04-020, Sep. 23, 2025.

<sup>69</sup> CA-01 at 15-17 (addressing SoCalGas's request for straight-time labor costs), 17-19 (addressing SoCalGas's request for vacation and sick leave).

show it adequately segregated these costs,<sup>70</sup> it cannot prove that the work performed under the new regulations was not already covered by the substantial baseline funding provided by ratepayers. Allowing recovery in this instance would effectively grant SoCalGas a double recovery of costs for work that it was already paid to perform.

As Witness Collins aptly notes, SoCalGas's TIMP expenditures were not incurred in a manner consistent with the Prudent Manager Standard. Given the current affordability crisis, a prudent manager would have leveraged Section 192.710's flexibility to spread compliance costs over time, evaluated alternative assessment methods, and considered operational strategies to minimize ratepayer impact.<sup>71</sup> Furthermore, a prudent manager would have continuously tracked and documented its program expenditures and proactively flagged any actual or potential over-expenditure, prior to letting it spiral out of control. SoCalGas's failure to do so reflects a disregard for cost control and ratepayer affordability, and clearly fails to meet the Prudent Manager Standard.

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<sup>70</sup> IS-01 at 15-16; CA-01 at 14:17-20 ("Cal Advocates issued two separate data requests asking SCG to provide supporting documentation that the GRC did not previously authorize the requested straight-time labor costs and that it hired employees exclusively for TIMP activities. SCG did not provide adequate supporting documentation in either response.") (internal citations omitted); CA-01 at 16:1-4 ("SCG did not provide verifiable and traceable documentation to demonstrate that the TIMP costs requested in this application were not overstated or being double counted. SCG failed to provide supporting documentation demonstrating straight-time labor costs requested are incremental, reasonable and appropriate for recovery."); CA-01 at 18:12-14 ("Vacation and sick leave costs are generally driven by employee base pay or hours worked. If the underlying labor is not incremental, then the related vacation and sick leave costs also must not be incremental.").

<sup>71</sup> IS-01 at 21:16-22:8; IS-02 at 7:21-8:7; SBUA-01 at 13 ("SoCal Gas does not discuss how it took into consideration customer affordability when scheduling work across the compliance period to minimize rate shock or imposing these costs on top of other simultaneous applications.").

**B. SoCalGas's Claim of Operational Efficiency and Expanded Remediation on Non-Covered Segments Is Unsubstantiated**

SoCalGas argues that expanded federal requirements purportedly resulted in additional remediation work on non-covered pipeline segments, and that it was “operationally efficient” to perform this work concurrently with required assessments.<sup>72</sup> This claim fails for multiple reasons. First, because SoCalGas undertook considerable non-HCA inspections before Section 192.710 went into effect, this prior work should have reduced some pressure to complete the non-HCA work required by the expanded regulation.<sup>73</sup> However, SoCalGas provides no explanation regarding the extent to which non-HCA inspections had already been addressed by the work authorized in the GRC.<sup>74</sup> Second, SoCalGas provides no quantitative analysis or documentation demonstrating that such bundling of work produced measurable cost savings. Instead, SoCalGas relies on generalized assertions that combining HCA and non-HCA work was efficient, without offering any comparative cost data or alternative scenarios.<sup>75</sup> By electing to assess and remediate non-HCA segments during the same period as HCA segments, SoCalGas accelerated discretionary work that could have been deferred for a decade under 49 CFR §192.710, thereby compounding labor, equipment, and excavation costs.<sup>76</sup>

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<sup>72</sup> SCG-05 at SZGY-29 – SZGY-30.

<sup>73</sup> SBUA-01 at 12:9-11.

<sup>74</sup> SBUA-01 at 12:11-12.

<sup>75</sup> SBUA-01 at 13:1-3 (“SoCalGas similarly provided no analysis or quantification of how available inspection manpower and reuse of tools, nearby line efficiencies and any long-term savings from front-loaded inspections were factored into its decision-making.”).

<sup>76</sup> IS-01 at ; SBUA-01 at 13:3-5 (“Staggering work over a multi-year timeframe could avoid labor shortages, allow reuse of equipment and test new methodologies before extensive roll-out.”).

**C. The Massive Disparity Between Federal Cost Estimates and SoCalGas's Expenditures Suggests Gross Inefficiency**

The inefficiency of SoCalGas's approach is objectively verified by the disparity between its costs and federal estimates. PHMSA estimated the national annualized cost of the non-HCA rule expansion at a mere \$4.7 million to \$5.5 million.<sup>77</sup> In comparison, SoCalGas is seeking \$173.8 million for a single service territory, roughly 32 times the federal estimate for the entire national pipeline grid. SoCalGas offers no credible explanation for this variance, other than vague references to "unique challenges" posed by assessments conducted in desert areas.<sup>78</sup> If SoCalGas's territory were truly so unique as to cost 32 times the national estimate, a prudent manager would have extensively documented this order of magnitude gap and communicated it proactively to the Commission and ratepayers. SoCalGas did not.<sup>79</sup> This unexplained discrepancy serves as strong evidence that the costs were not incurred in a reasonable and prudent manner.

**V. WHETHER SOCALGAS'S REVENUE REQUIREMENT ASSOCIATED WITH THE COSTS PRESENTED IN THE APPLICATION AND RECORDED IN THEIR TAMPBA ARE JUSTIFIED FOR RATE RECOVERY**

The preceding discussion demonstrates that SoCalGas's TAMP revenue requirement is associated with costs that were not reasonably and prudently incurred, and that those costs lack adequate support. Specifically, SoCalGas failed to carry its burden to justify the timing of its non-HCA work, the methodology used for assessments, and the effectiveness of its cost tracking. Because the underlying expenditures are not established as prudent, the associated revenue requirement is, *per se*, unjustified and must be denied in its entirety. Furthermore, SoCalGas's

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<sup>77</sup> SBUA-01 at 11:fn 22 ("The Pipeline and Hazardous Materials Safety Administration estimated that the annualized cost, 2019-2039 of the expansion of inspections outside of HCAs to be only \$4.713 million to \$5.482 million nationally.") (citing 84 Fed. Reg. 52182 (Oct. 1, 2019)).

<sup>78</sup> SCG-02 at ZGS-11 – ZGS-12.

<sup>79</sup> SBUA-01 at 13-14.



proposal to recover its revenue requirement over a 12-month period ignores the cumulative impact on ratepayers, threatening unjustified rate shock.

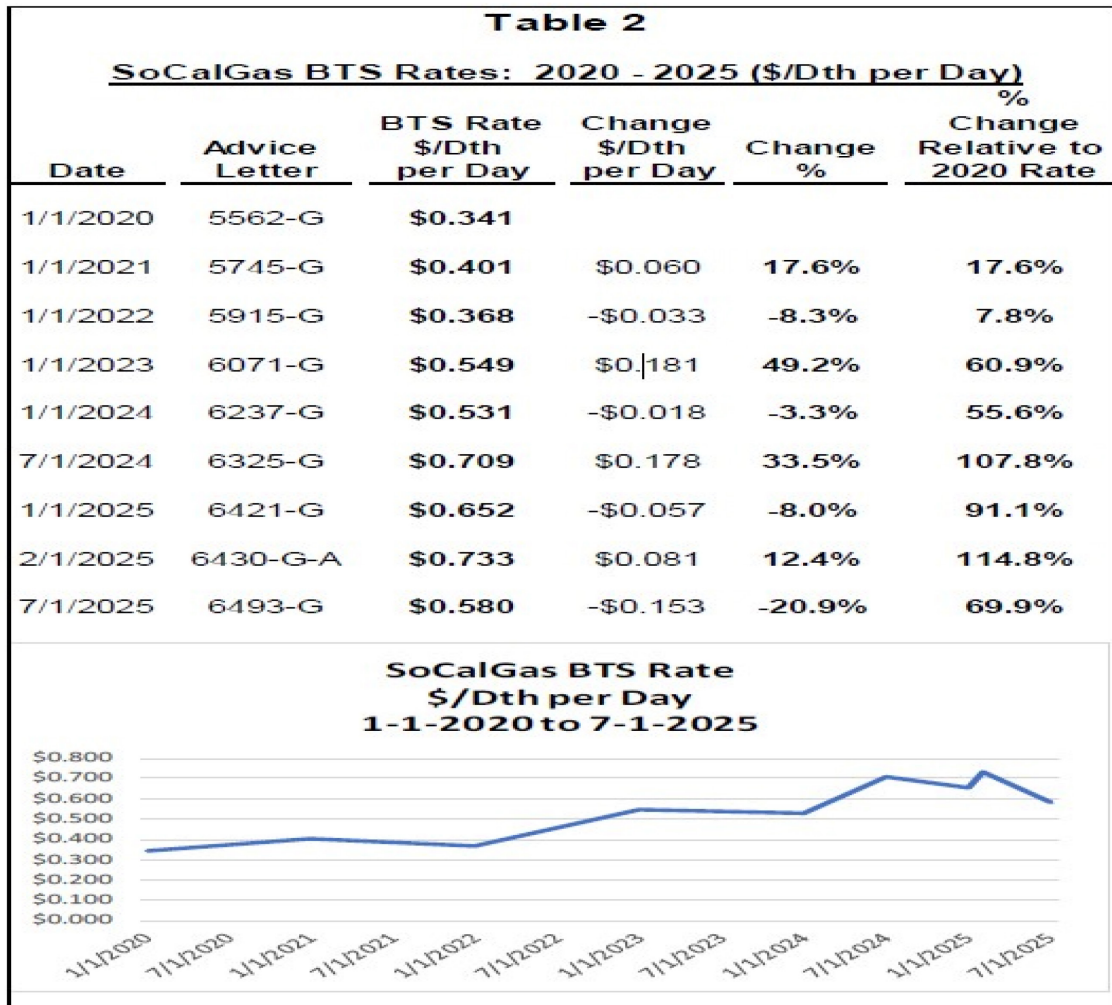
If adopted, SoCalGas's proposed recovery of the \$173.8 million recorded in the TIMPBA would result in an 18.7 percent increase to the BTS rate paid by both core and noncore customers.<sup>80</sup> As Witness Collins explains, this excessive increase would directly impact noncore customers, like the Indicated Shippers, who were already burdened by the 12-month, 33.5 percent BTS rate increase associated with the \$227.3 million TIMPBA overspending approved in Res. G-3600.<sup>81</sup> He further demonstrates that, between 2020 and 2025, the BTS rate has increased significantly. Table 2, below, shows that, as of July 1, 2025, the BTS rate increased by 70 percent relative to rates in effect January 1, 2020.<sup>82</sup>

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<sup>80</sup> IS-01 at 23:15-18. ("If adopted, SoCalGas's proposed recovery of the \$173.8 million recorded in the TIMPBA would result in an 18.7% increase to the [BTS] rate that Core customers pay (indirectly) and Noncore customers, including the Indicated Shippers, pay (both directly and indirectly).").

<sup>81</sup> IS-01 at 23:19-22.

<sup>82</sup> IS-01 at 25:3-5.



SoCalGas’s request for an additional 18.7 percent BTS rate increase would perpetuate this unsustainable trend and exacerbate affordability concerns. The magnitude of the proposed rate increase reflects SoCalGas’s proposal to recover its requested costs over a 12-month period.<sup>83</sup> Witness Collins explains that this shortened recovery period is not justified, given the nature of the requested costs and the associated ratepayer impacts.

SoCalGas’s proposal to amortize the \$173.8 million revenue requirement over a single 12-month period relies on the faulty premise that these expenditures represent standard operating

<sup>83</sup> IS-01 at 24 (Table 2).

costs. They do not. As Witness Collins explains, while O&M expenses are traditionally expensed in the year incurred, the costs at issue here are “clearly not routine, ongoing levels of O&M expense that are expected to be incurred annually in the future.”<sup>84</sup> Instead, these expenditures represent an unprecedented and unjustified surge in spending that is “temporarily elevated above normal operational levels in order to achieve certain milestones for reduction of safety risk.”<sup>85</sup>

Compressing the recovery of these non-recurring, milestone-driven costs into a single year artificially creates rate volatility that harms ratepayers. To align with the Commission’s affordability goals, Witness Collins recommends that any amounts authorized for recovery in this proceeding be amortized to occur over a period longer than the 12 months proposed by SoCalGas.<sup>86</sup> He explains that this approach would smooth the impact of authorized costs on monthly bills and make increases more manageable, a particularly vital approach given the fact that SoCalGas is seeking other, concurrent rate increases.<sup>87</sup> Further, this approach aligns with recent Commission decisions citing affordability concerns as the basis for approving extended amortization periods for recovery of undercollections.<sup>88</sup>

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<sup>84</sup> IS-01 at 27:9-11.

<sup>85</sup> IS-01 at 27:12-14.

<sup>86</sup> IS-01 at 29:6-11.

<sup>87</sup> IS-01 at 29:15-19.

<sup>88</sup> See D.24-12-074 at OP 5 (ordering SoCalGas to amortize the balances recorded in its General Rate Case Revenue Requirement Memorandum Account over 18 months in rates); D.25-09-030, *Decision on Test Year 2025 General Rate Case for Southern California Edison Company*, A.23-05-010, Sep. 23, 2025 at 2 (“Given the timing of this implementation, and in consideration of public comments regarding the impact of bill increases and affordability concerns, we find it reasonable to specify that the incremental revenue increase that has accrued from January 1, 2025 through September 30, 2025 shall be amortized over a twenty-four month period.”).

SoCalGas's most recent quarterly rate tracker<sup>89</sup> shows a total of 14 pending cost recovery requests, including this proceeding, currently before the Commission.<sup>90</sup> In total, these 14 requests reflect a total incremental 2026 revenue requirement of over *\$850 million*.<sup>91</sup> This incremental revenue requirement is *more than double* the \$323.634 million revenue requirement increase authorized in SoCalGas's 2024 GRC decision.<sup>92</sup> In light of these potential rate increases, the Commission should reject SoCalGas's deficient revenue requirement request in its entirety. However, to the extent any Timpba expenditures are authorized, the Commission should direct SoCalGas to recover the associated revenue requirement over a minimum of 36 months.<sup>93</sup>

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<sup>89</sup> SoCalGas Q3 2025 Cost Rate Tracker, Reporting Date: Quarter Ended September 30, 2025 (Q3 2025 CRT) (available at <https://webproda.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability/quarterly-revenue-request-reports>).

<sup>90</sup> Q3 2025 CRT ("Incremental Revenue Requirement" tab, column A, rows 122-135 reflect the following: A.25-08-008; A.23-11-003; A.23-11-003; AL 6224; AL 6277-G-B; A.25-03-011; A.25-04-020; A.25-05-015/016; A.25-05-004; A.25-06-012; A.25-07-001; A.25-06-011; A.25-[08-009]; and A.24-12-011 155).

<sup>91</sup> Q3 2025 CRT ("Incremental Revenue Requirement" tab, column G, row 155 shows an incremental revenue requirement for 2026 of \$858,343,000).

<sup>92</sup> Track 1 Decision at 2 ("The decision adopts a 2024 TY revenue requirement of \$3.805 billion for SoCalGas, which is \$ 628.658 million lower than the \$4.434 billion that SoCalGas requested in its Update Testimony. The adopted revenue requirement represents an increase of \$323.634 million or a 9.3 percent increase over the current revenue requirement of \$3.482 billion for 2023") (internal citations removed).

<sup>93</sup> IS-01 at 29:15-19.

**VI. WHETHER SOCALGAS'S TIMPBA RECOVERY REQUEST COMPLIES WITH ALL APPLICABLE RULES, DECISIONS, STATUTES, AND OTHER REQUIREMENTS, INCLUDING THE TARIFF**

**A. SoCalGas Failed to Maintain and Present Records as Required by Pub. Util. Code Section 463(b)**

Public Utilities Code § 463(b) mandates that utilities maintain records sufficient to enable the Commission to determine whether costs were reasonably incurred.<sup>94</sup> The burden rests squarely on SoCalGas to maintain and present sufficient data supporting its request. SoCalGas admits that it did not track costs separately for mandatory HCA work versus discretionary non-HCA work.<sup>95</sup> Furthermore, Cal Advocates Witness Chow shows that SoCalGas failed to track the costs purportedly associated with the new regulations separately from its base TIMP activities.<sup>96</sup> Instead, SoCalGas provided intervenors and the Commission with a voluminous “data dump” of invoices, devoid of categorization or context.<sup>97</sup> This lack of information leaves parties and the Commission without the detailed information necessary for verifying whether overspending was driven by regulatory mandates, or by SoCalGas’s discretionary acceleration of non-HCA work and lack of any meaningful budget and cost controls. Accordingly, SoCalGas’s Application is noncompliant with Pub. Util. Code Section 463(b), and must be denied.

**B. SoCalGas’s Request Is Inconsistent with Commission Policy Objectives on Affordability, Long-Term Gas System Planning, and Risk-Based Prioritization**

**1. Affordability**

In SoCalGas’s 2019 GRC Decision, the Commission directed SoCalGas to “continue to properly prioritize what pipelines are to be inspected” through the TIMP.<sup>98</sup> The Commission

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<sup>94</sup> Pub. Util. Code § 463(b).

<sup>95</sup> IS-01 at 15-16; SBUA-01 at 11-13.

<sup>96</sup> CA-01 at 15-19.

<sup>97</sup> IS-01 at 21:11-14; SBUA-01 at 6:6-17, 9:14-16.

<sup>98</sup> D.19-09-051 at FoF 81.

further emphasized that TIMP costs “must be balanced with addressing other key safety risks and also with keeping rates affordable.”<sup>99</sup> Given the magnitude and pace of SoCalGas’s TIMP overspending, SoCalGas clearly failed to conduct the prioritization and balancing the Commission envisioned. Instead of acting as a prudent manager, SoCalGas accelerated discretionary work without adequate justification, imposing significant rate impacts during an affordability crisis.

Moreover, the Commission’s framework for subjecting TIMP expenditures above 35 percent of authorized levels to a formal application process allows for more rigorous scrutiny beyond the limited review afforded by the advice letter process. This safeguard exists to protect ratepayers from imprudent or excessive costs. SoCalGas’s inability to provide sufficient documentation and analysis to substantiate its request frustrates that purpose, and impedes the Commission’s ability to discharge its statutory obligation to ensure just and reasonable rates. Absent an affirmative demonstration that the TIMP costs were prudently and reasonably incurred, the Commission must reject SoCalGas’s attempt to recover these extraordinary costs.

## **2. Long-Term Gas System Planning**

Witness Collins further explains that SoCalGas’s accelerated spending is incompatible with California’s long-term gas system planning objectives.<sup>100</sup> In R.24-09-012, the Commission is exploring actions to mitigate the affordability risks associated with the state’s ongoing transition away from fossil natural gas.<sup>101</sup> One of the significant risks posed by this transition is that, as natural gas demand declines, fixed costs due to system maintenance and upgrades related to

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<sup>99</sup> D.19-09-051 at FoF 82.

<sup>100</sup> IS-01 at 18:7-9.

<sup>101</sup> IS-01 at 18:9-12.

state and federal mandates will be spread among fewer and fewer customers.<sup>102</sup> Accordingly, mitigating this risk will necessarily require the Commission to ensure that TIMP costs are optimized, and where the costs are proven to be unavoidable, are incurred in the most cost-effective manner so as not to result in excessive or stranded costs.<sup>103</sup>

As noted above, PHMSA's regulations provide flexibility to pace non-HCA assessments from 2025 through 2034, yet SoCalGas front-loaded this work in the midst of an affordability crisis, without evaluating whether to pace its non-HCA assessments over the 10-year compliance window. This approach locks ratepayers into paying for infrastructure that may become stranded as the state advances its decarbonization goals. Notably, the now superseded long-term gas system planning proceeding, R.20-01-007, was initiated in 2020, *before* SoCalGas incurred the TIMP costs at issue in this proceeding.<sup>104</sup> Thus, SoCalGas's discretionary, accelerated, and imprudent TIMP compliance strategy was entirely inconsistent with the Commission known policy objectives regarding the gas system transition.

### **3. Risk-Based Prioritization**

The Commission's Risk Assessment Mitigation Phase (RAMP) framework requires utilities, including SoCalGas, to prioritize risk mitigation efforts in furtherance of safety, reliability, and affordability goals.<sup>105</sup> In addition, 49 CFR 192.710(b)(1) requires SoCalGas to execute assessments

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<sup>102</sup> IS-01 at 18:12-15.

<sup>103</sup> IS-01 at 18:15-18.

<sup>104</sup> *Order Instituting Rulemaking To Establish Policies, Processes, And Rules To Ensure Safe And Reliable Gas Systems In California And Perform Long-Term Gas System Planning*, R.20-01-007, Jan. 27, 2020 at 12 (discussing the need "to develop long-term plans for phasing-out gas utility assets and to identify regulatory accounting mechanisms that will mitigate stranded costs for utilities while maintaining affordable gas rates for customers.").

<sup>105</sup> IS-01 at 20:16-18.

on a risk-prioritized basis.<sup>106</sup> Witness Collins underscores that SoCalGas fails to demonstrate it conducted any such prioritization.<sup>107</sup> Instead, the record shows that SoCalGas accelerated non-HCA pipeline assessments, which comprised nearly 60 percent of the 2,177 total pipeline miles assessed, even though federal regulations allow these assessments to be spread out through 2034.<sup>108</sup> In addition, SoCalGas chose the most expensive compliance method, direct examination, without analyzing less costly alternatives allowed under the regulations.<sup>109</sup> SoCalGas's failure to prioritize its TIMP work or rely on any meaningful cost-effectiveness analyses is directly contrary to these Commission and statutory directives.

**VII. WHETHER SOCALGAS'S TIMPBA RECOVERY REQUEST IS INCREMENTAL TO THE COST RECOVERY REQUESTED AND APPROVED IN AL 6060-G AND APPROVED IN RESOLUTION G-3600**

The Indicated Shippers do not respond to this issue in opening, but reserve the right to address parties' arguments in reply.

**VIII. WHETHER THE COST ALLOCATION POLICIES ADOPTED IN DECISION (D.) 24-07-009 SHOULD APPLY TO THE TIMPBA UNDERCOLLECTION REQUESTED IN THIS APPLICATION**

The Indicated Shippers do not respond to this issue in opening, but reserve the right to address parties' arguments in reply.

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<sup>106</sup> IS-01 at 21:2-5 (citing 49 CFR 192.710.(b)(1) ("An operator must perform initial assessments in accordance with this section based on a risk-based prioritization schedule...")).

<sup>107</sup> IS-01 at 21:4-5.

<sup>108</sup> IS-01 at 15:1-6.

<sup>109</sup> IS-01 at 13:3-12.



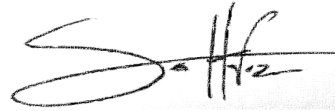
**IX. CONCLUSION**

The Indicated Shippers appreciate this opportunity to submit this opening brief.

Respectfully submitted,

Buchalter, A Professional Corporation

By:

A handwritten signature in black ink, appearing to read 'S. Hafez', with a stylized flourish at the end.

Samir A. Hafez

Counsel for the Indicated Shippers

December 12, 2025