BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

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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.	A.25-04-020 (Filed April 30, 2025)

OPENING BRIEF OF SOUTHERN CALIFORNIA GAS COMPANY

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SUMMARY OF SOUTHERN CALIFORNIA GAS COMPANY'S RECOMMENDATIONS

1. Find that SoCalGas's costs requests are just and reasonable in light of the compliance nature of the Transmission Integrity Management Program (TIMP) and new requirements that were not included in the Test Year (TY) 2019 General Rate Case (GRC).
2. Find that SoCalGas's revenue requirement associated with the costs presented in the Application and recorded in their TIMP Balancing Account (TIMPBA) are reasonable and justified for rate recovery.
3. Find that SoCalGas's TIMPBA recovery request complies with all applicable rules, decisions, statutes, and other requirements, including the tariff.
4. Find that SoCalGas's TIMPBA recovery request is incremental to the cost recovery requested and approved in Advice Letter (AL) 6060-G and approved in Resolution G-3600.
5. Find that cost allocation policies adopted in Decision (D.) 24-07-009 should apply to the TIMPBA under-collection requested in this Application.
6. Find that SoCalGas's proposed 12 month amortization of the TIMPBA under-collected balance is just and reasonable.
7. Authorize SoCalGas to recover in rates the outstanding revenue requirement submitted for review in the Application.
8. Authorize SoCalGas to file a Tier 1 Advice Letter within 30 days of the effective date of the decision authorizing recovery in rates of the updated revenue requirement associated with TIMPBA costs determined to be reasonable by the Commission, trued-up for regulatory account interest through the date rates are implemented for recovery of TIMP costs.

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

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.	A.25-04-020 (Filed April 30, 2025)

OPENING BRIEF OF SOUTHERN CALIFORNIA GAS COMPANY

Pursuant to Rule 13.12 of the California Public Utilities Commission (Commission or CPUC) Rules of Practice and Procedure and the Assigned Commissioner's Scoping Memo and Ruling (Ruling) dated August 18, 2025, Southern California Gas Company (SoCalGas) hereby submits its Opening Brief in the above captioned proceeding.

I. INTRODUCTION

In this proceeding, SoCalGas seeks reasonableness review and cost recovery of the remainder of its TY 2019 GRC cycle incremental capital and operations and maintenance (O&M) expenses that were incurred and recorded in SoCalGas's Transmission Integrity Management Program Balancing Account (TIMPBA).

SoCalGas has implemented its Transmission Integrity Management Program (TIMP) in compliance with the federal regulations established under 49 CFR Part 192, Subpart O,[1] which were first adopted February 14, 2004 following the passage of the Pipeline Safety Improvement Act of 2002, and subsequently 49 CFR §192.710. These regulations mandate that operators of gas transmission pipelines identify potential threats, assess pipeline integrity, and take proactive measures to mitigate risks, particularly in High Consequence Areas (HCAs). In addition, SoCalGas's TIMP continues to evolve and adapt to new federal regulations and guidance. During the Test Year (TY) 2019 General Rate Case (GRC) cycle, federal regulatory actions continued to expand the requirements for TIMP increasing the amounts of threats categorized as active on SoCalGas pipelines which resulted in more assessment and remediation activity than

[1] Subpart O is incorporated into the Commission's General Order (GO) 112-F.

previously forecasted. Compliance with these federal requirements is not optional. The regulations prescribe specific actions and timelines for assessments, remediation, and preventive measures to maintain the integrity of transmission pipeline systems.

SoCalGas has continued to adhere to these requirements through the work performed under the TIMP during the TY 2019 GRC cycle, which included pipeline inspections, repairs, and retrofits. In this Application, SoCalGas provided significant documentation to justify the reasonableness of its costs including testimony and detailed workpapers of the projects it executed totaling over 2,700 pages. Specifically, SoCalGas not only provided workpapers for the TIMP projects that contributed to the revenue requirement being requested in this Application (October 1, 2022 through December 31, 2023) but provided all TIMP projects executed during the entire TY 2019 GRC cycle (January 1, 2019 through December 31, 2023) for transparency and thoroughness. This is separate and apart from the numerous data request questions that SoCalGas responded to from intervenors throughout the proceeding.

The activities executed during the TY 2019 GRC cycle were required by law and reasonably executed to maintain compliance, public safety, and the reliability of SoCalGas's pipelines. The costs incurred to conduct these activities are necessary and prudent expenditures. The Commission has continuously recognized that TIMP costs are driven by federally mandated safety obligations and authorized SoCalGas to recover such costs.

II. PROCEDURAL BACKGROUND

A. Proceeding Background

In 2011, the California Legislature passed Senate Bill (SB) 879, codified as Public Utilities Code (PUC) Section 969, which expressly requires that gas corporations "establish and maintain a balancing account" to recover TIMP expenses and related capital expenditures for the maintenance and repair of transmission pipelines.[2] Accordingly, SoCalGas's TIMPBA was authorized through Decision (D.) 13-05-010, which approved SoCalGas's TY 2012 GRC.[3] The TIMPBA was established to record actual O&M and capital-related costs associated with SoCalGas's TIMP and to track the difference between authorized and actual revenue

[2] Ex. SCG-01 (Sera) at TTS-5.

[3] *Id*.

requirement.[4] The TIMPBA has since been reauthorized in connection with SoCalGas's TY 2016 and TY 2019 GRC decisions.[5]

Pursuant to D.19-09-051, SoCalGas is authorized to submit a Tier 3 advice letter (AL) to seek recovery of any TIMP under-collections of revenue requirement when actual expenditures exceed the total authorized O&M and capital expenditures up to 35% for the entire cycle.[6] For any under-collections of revenue requirement resulting from actual expenditures greater than 35% of the total authorized O&M and capital expenditures, SoCalGas may seek recovery through a separate application.[7]

On November 23, 2022, SoCalGas submitted AL 6060-G requesting to recover its TIMPBA under-collected balance of $238.8 million as of September 30, 2022,[8] representing the cumulative incremental revenue requirement associated with reasonably incurred TIMP expenditures in excess of authorized TY 2019 GRC cycle O&M and capital expenditures up to 35%. On May 30, 2024, the Commission adopted Resolution G-3600, approving in full, SoCalGas's request to recover the under-collection recorded in its TIMPBA for the period of January 1, 2019 to September 30, 2022.[9] Resolution G-3600 specifically found that:

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4 Ex. SCG-01 (Sera) at TTS-5 citing SoCalGas, Preliminary Statement - Part V - Balancing Accounts – TIMPBA, available at: https://tariffsprd.socalgas.com/view/historical/?utilId=SCG&bookId=GAS&tarfKey=484&tarfYear=2020.

5 Ex. SCG-01 (Sera) at TTS-5 citing D.16-06-054 at 327 and D.19-09-051 at 777. The TIMPBA was most recently reauthorized for the four year cycle of SoCalGas's TY 2024 GRC through D.24-12-074, as a one-way balancing account.

6 Ex. SCG-01 (Sera) at TTS-5 citing D.19-09-051 at 694-695 and 774 (Conclusion of Law (COL) 104).

7 *Id*.

8 SoCalGas filed supplemental 6060-G-A on January 13, 2023 replacing 6060-G in its entirety, to correct the electronic file format to a searchable format.

9 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-10-11 citing Res. G-3600 available at https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M531/K560/531560777.PDF.

- TIMPBA costs are incurred in response to mandated federal pipeline safety regulations including, but not limited to requirements associated with 49 CFR §192, Subpart O.[10]
- "Changes in assessment methods, increased labor and non-labor expenses and continuing remediation activities initiated prior to 2019 increased SoCalGas's actual [TIMP] expenditures causing costs to be higher than forecast, and that examined TIMP expenses and expenditures were appropriately recorded and reasonably incurred."[11]
- Commission staff made an invoice level review of selected TIMP O&M and capital expenditures included in the TIMPBA requested in AL 6060-G and found that the examined "expenses and expenditures were appropriately recorded to the TIMPBA and reasonably incurred."[12]

Furthermore, in its approval, the Commission trued up the TIMPBA balance authorized for recovery to $227.3 million, to account for on-going capital revenue requirement and interest associated with the O&M and capital projects included in AL 6060-G and authorized revenue collected for the TIMP through December 31, 2023.[13]

Since October 1, 2022, SoCalGas has continued to record under-collections in its TIMPBA due to TIMP activities for the remainder of the TY 2019 GRC cycle.[14] As of December 31, 2023, SoCalGas's TIMPBA in total exceeded the authorized TY 2019 GRC cycle O&M and capital expenditures by more than 35%, as shown in Table TTS-1.[15]

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[10] Res. G-3600 (Finding 5).

[11] Res. G-3600 at 8 (Findings 8-9).

[12] *Id*. at 8 (Finding 9).

[13] *Id*. at 9 (OP 1-3).

[14] Ex. SCG-01 (Sera) at TTS-6 and Ex. SCG-03 (Yu) at RMY-3.

[15] Ex. SCG-01 (Sera) at TTS-6-7.

Table TTS-1
TIMP Expenditures (Authorized v. Actual, $000)

Authorized	O&M	Capital	Total
2019	$47,817	$62,233	$110,050
2020	49,080	55,190	104,270
2021	50,258	56,063	106,321
2022	51,231	56,724	107,955
2023	52,409	57,934	110,343
Subtotal	$250,795	$288,144	$538,938

Actual	O&M	Capital	Total
2019	$75,952	$106,467	$182,419
2020	104,648	76,583	181,231
2021	103,839	112,503	216,342
2022	126,220	93,204	219,445
2023	121,233	135,109	256,322
2024*	(1,854)	(1,085)	(2,939)
Subtotal	$530,038	$522,782	$1,052,820

Over/(Under) Authorized			
$	$279,243	$234,638	$513,882
%	211%	181%	195%

Note: Subtotals may include rounding differences.
*2024 only includes adjustments for TIMP expenditures through December 31, 2023.

On April 30, 2025, SoCalGas filed this Application seeking to recover $173.8 million of revenue requirement, which is the under-collected balance in the TIMPBA accumulated during the period of October 1, 2022 through December 31, 2023.[16] The expenditures that contribute to the revenue requirement requested in this Application represent a subtotal of the expenditures presented in Table TTS-1, limited to capital expenditures excluding Capital Work in Progress (CWIP) and the O&M expenditures recorded during the Application time period of October 1, 2022 through December 31, 2023. Table SZGY-1 below presents the balanced capital and O&M

[16] A.25-04-020, SoCalGas TIMP Cost Recovery Application available at https://www.socalgas.com/socalgas-timp-cost-recovery-application.

TIMP expenditures contributing to the under-collected revenue requirement requested in this Application.[17]

Table SZGY-1
Expenditures Contributing to Requested Revenue Requirement In this Application (in $000s)

Capital	O&M	Total
$155,547	$150,255	$305,802

Over the course of this proceeding, the parties[18] have conducted extensive discovery, prepared and served testimony and workpapers. Pursuant to the Administrative Law Judge's October 5, 2025 E-Mail Ruling Removing Status Conference and Providing Instructions on Evidentiary Hearings and Briefs, the parties met and conferred and filed a Joint Meet and Confer Statement confirming that the parties did not see a need for evidentiary hearings and will move to briefing in the proceeding.[19]

B. TIMP Background

1. What is TIMP?

SoCalGas's TIMP is a compliance program implemented in accordance with federal regulatory requirements mandated by 49 CFR §192, Subpart O,[20] and later 49 CFR §192.710.[21] TIMP is built upon federal and state requirements that, "go above and beyond routine maintenance activities and mandate monitoring and remediation on the pipeline system with the goal of reducing overall risk."[22] Subpart O and 49 CFR §192.710 requires SoCalGas to continuously identify threats to its pipelines located in High Consequence Areas (HCAs),

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17 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-4.

18 The active parties are parties that conducted discovery and submitted evidence in the proceeding. They are: SoCalGas (Applicant), Public Advocates Office, Indicated Shippers, and Small Business Utility Advocates.

19 Joint Meet and Confer Statement at 2 (filed October 31, 2025).

20 Other subparts are incorporated, referenced or cited in Subpart O. On October 1, 2019, Pipeline and Hazardous Materials Safety Administration (PHMSA) issued the Pipeline Safety: Safety of Gas Transmission Pipelines: Maximum Allowable Operating Pressure (MAOP) Reconfirmation, Expansion of Assessment Requirements, and Other Related Amendments final rule as codified, in relevant part, in 49 CFR §192.710.

21 49 CFR §192.710.

22 Ex. SCG-01 (Sera) at TTS-9.

Moderate Consequence Areas (MCAs), and in Class 3 and 4 locations outside of HCAs.[23] SoCalGas is required, at minimum, to evaluate the risks associated with these threats, plan and track assessments, complete those assessments within prescribed timelines, gather data on pipeline conditions, implement measures to minimize threats and integrity concerns, reduce the risk of pipeline failure, and report the findings to regulators.[24]

SoCalGas operates approximately 1,118 HCA miles out of 3,381 miles of transmission pipelines as defined by the United States Department of Transportation (DOT).[25] The service area spans from the Mexican border to near Fresno, and from the Colorado River to the Pacific Ocean.[26] The HCA miles that SoCalGas operates are both non-contiguous and interspersed across diverse environments, including desert, urban, suburban, agricultural, and coastal regions.[27] These large and varied geographical locations directly and significantly influence the overall costs of complying with TIMP regulatory requirements.[28]

In executing TIMP, SoCalGas has generally separated expenditures into four categories: (1) Assessments and Remediation; (2) Preventative and Mitigative (P&M) Measures; (3) Data and Geographic Information Systems (GIS); and (4) Program Management and Support/Risk and Threat.[29] Assessment and Remediation represent the majority of SoCalGas's TIMP-related work.[30] For Assessment and Remediations, SoCalGas utilizes In-Line Inspection (ILI), External Corrosion Direct Assessments (ECDA) and Stress Corrosion Cracking Direct Assessment (SCCDA) for the majority of the pipeline integrity assessments.[31] Where feasible, ILI of

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[23] 49 CFR §192.710 (a) (1), 49 CFR §192.710 (a) (2), and 49 CFR §192, Subpart O.

[24] 49 CFR §192.710 and 49 CFR §192, Subpart O.

[25] Ex. SCG-01 (Sera) at TTS-4.

[26] *Id*.

[27] *Id*.

[28] *Id*.

[29] *Id.* at TTS-7. Detailed explanation of P&M Measures, Data and GIS, and Program Management and Support/Risk and Threat can be found at Ex. SCG-01 (Sera) at TTS-12-15. No party has specifically challenged the costs for P&M Measures, Data and GIS, and Program Management and Support/Risk and Threat, other than Cal Advocates' Straight Time Labor and Vacation and Sick disallowance requests.

[30] *Id*.

[31] *Id*. at TTS-9.

pipeline segments is the preferred method of assessment.[32] Further, during the TY 2019 GRC cycle, the requirement to identify additional threats prompted SoCalGas to take actions to address and expand the range of pipe segments inspectable by threat specific ILI tools.[33] These efforts represent a response to new federal regulations that included several new or updated sections within 49 CFR Part 192 as part of the Gas Transmission Safety Rule (GTSR),[34] updated interpretations of existing regulations, and Pipeline Hazardous Materials Safety Administration (PHMSA) advisory bulletins that expanded the scope of the TIMP.[35] TIMP's continuous improvement is aligned with SoCalGas's Safety Culture and Safety Management System (SMS).

In addition, TIMP requirements are continuous and cyclical. As prescribed by 49 CFR §192.937, an operator must continue to assess the integrity of the pipeline after completing a baseline assessment. The assessments must be at specified intervals and periodic evaluations must be conducted as frequently as needed to manage the integrity of the pipeline segment.[36] The periodic evaluation must be at an interval specified in 49 CFR §192.939 and is based on data integration and risk assessment.[37] SoCalGas completes the assessments of identified threats with

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[32] *Id*.

[33] *Id*.

[34] *Id.*, fn 19: "On October 1, 2019, Pipeline and Hazardous Materials Safety Administration (PHMSA) issued the Pipeline Safety: Safety of Gas Transmission Pipelines: Maximum Allowable Operating Pressure (MAOP) Reconfirmation, Expansion of Assessment Requirements, and Other Related Amendments final rule, which took effect July 1, 2020. On April 8, 2022, PHMSA issued the Pipeline Safety: Requirement of Valve Installation and Minimum Rupture Detection Standards final rule, which took effect October 5, 2022. On August 24, 2022, PHMSA issued the Pipeline Safety: Safety of Gas Transmission Pipelines: Repair Criteria, Integrity Management Improvements, Cathodic Protection, Management of Change, and Other Related Amendments final rule, which took effect May 24, 2023. The TIMPBA includes costs associated with the expansion of the TIMP requirements."

[35] *Id*. at TTS-9-10.

[36] 49 CFR §192.937 – What is a continual process of evaluation and assessment to maintain a pipeline's integrity?, available at https://www.ecfr.gov/current/title-49/subtitle-B/chapter-I/subchapter-D/part-192#192.937.

[37] 49 CFR §192.939 – What are the required reassessment intervals?, available at: https://www.ecfr.gov/current/title-49/subtitle-B/chapter-I/subchapter-D/part-192/subpart-O/section192.939.

one or more of approved inspection methods within their corresponding timelines as prescribed by 49 CFR §192.921.[38]

2. Cost Drivers for TIMP During the 2019 GRC Cycle

As highlighted in the Direct Testimony of Travis T. Sera (Ex. SCG-01), the increase in expenditures for TIMP from January 1, 2019 through December 31, 2023 were primarily due to the expansion of the TIMP regulatory requirements that increased the amount of threats categorized as active on SoCalGas pipelines, resulting in more assessment and remediation activity.[39]

The changes to the TIMP regulatory requirements include but are not limited to:

- An increase in the number of pipe segments that required assessment for Manufacturing (M) and Construction (C) threats[40] due to an amendment of the CFR §192.917(e)(3).
- An advisory bulletin from the PHMSA stating that the threat of Stress Corrosion Cracking (SCC) must be considered active.[41]
- Acceleration of assessments for newly identified threats, such as the M, C, and SCC threats prompted by a PHMSA interpretation of 49 CFR §192.939[42] and confirmed by the CPUC.
- An expansion of pipeline assessment requirements to include pipe segments located within MCAs and additionally within Class 3 and 4 pipelines that are not within identified HCAs, as mandated by additions to 49 CFR §192.710.

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[38] 49 CFR §192.921 – How is the baseline assessment to be conducted?, available at: https://www.ecfr.gov/current/title-49/subtitle-B/chapter-I/subchapter-D/part-192/subpart-O/section192.921.

[39] Ex. SCG-01 (Sera) at TTS-1-2.

[40] *Id*. at TTS-1 fn 2: "As described in ASME B31.8S, Section 2.2 and Appendix A."

[41] *Id*. at TTS-2 citing Pipeline Safety: Deactivation of Threats, 82 Fed. Reg. 50,14106 (March 16, 2017), available at: https://www.phmsa.dot.gov/regulations/federal-register-documents/2017-05262.

[42] *Id*. at TTS-2 citing PHMSA, John A. Gale, Director of Office of Standards and Rulemaking at PHMSA Letter to Christine Cowsert VP, Gas Asset Mgmt. & System Operations at PG&E (June 23, 2021), available at: https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/standardsrulemaking/pipeline/interpretations/75361/pacific-gas-and-electric-company-pi-21-0004-06-24-2021part-192939.pdf.

While every change to the federal regulations required evaluation to determine its potential impact on TIMP and overall SoCalGas activities, the primary increase in expenditures resulted from the increased assessment work required to evaluate newly identified threats.[43] Each newly identified threat requires more assessments and direct examinations of the pipelines and often resulted in remediation work which increases costs.[44] Direct examination of pipelines, which occurs after a pipeline is assessed,[45] 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.[46]

Further, SoCalGas's continued efforts to prudently manage pipelines in the desert region are made difficult by the high volume and complexity of corrosion.[47] ILI tools have limitations in their ability to distinguish the characteristics of individual corrosion anomalies within areas of the pipe with extensive corrosion of varying depths.[48] The high volume and complexity of corrosion, combined with the limitations of ILI tools, results in extensive direct examination work in the desert region to support tool validation and pipeline remediation.[49]

In addition, the TY 2019 GRC Decision's (D.19-09-051) approved methodology to calculate the authorized revenue requirement in the post-test years (PTY) for these programs impacted the resulting TIMPBA under-collection.[50] D.19-09-051 authorized a PTY mechanism for SoCalGas, including TIMP, whereby authorized O&M expenses in the PTYs are derived through escalation of the authorized TY 2019 O&M expenses.[51] Authorized capital expenditures are imputed in the PTYs based on a seven-year average of historical and forecasted capital expenditures from 2013-2019 and applying adopted capital attrition factors for each PTY's

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43 Ex. SCG-01 (Sera) at TTS-2.

44 *Id*.

45 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-30.

46 Ex. SCG-01 (Sera) at TTS-2.

47 *Id*.

48 *Id*.

49 *Id.*

50 *Id*. at TTS-8.

51 *Id*. at TTS-9 citing to D.19-09-051 at 776 (OP 4).

calculated capital expenditure rather than project specific forecasts.[52] This PTY mechanism differs from the forecast of TIMP-related activities for the TY 2019 GRC cycle, therefore contributing to a portion of the under-collection.[53]

These factors resulted in SoCalGas having to incur costs that exceeded those authorized for the TY 2019 GRC Cycle.

III. EVIDENTIARY STANDARDS AND THE BURDEN OF PROOF

Under California Public Utilities Code §§451 and 454, a utility cannot charge any rate unless it makes a showing before the Commission that the proposed rate is just and reasonable and the CPUC finds it justified.[54] This statutory mandate places the burden of proof on the utility seeking the change. The Commission requires that the utility demonstrate by a preponderance of the evidence that the costs it seeks to include in a revenue requirement are reasonable and prudent.[55] The Commission applies the "reasonable manager" standard in after-the-fact reviews of utility recovery applications.[56] As explained by the Commission, "reasonable and prudent acts do not require perfect foresight or optimum outcomes, but may fall within a spectrum of possible acts consistent with utility needs, ratepayer interests, and regulatory requirements… ."[57] Under this standard, the Commission holds utilities to "a standard of reasonableness based upon the facts that are known or should have been known at the time."[58] In so doing, the Commission looks to the soundness of the decision-making process and information available to the manager to assess whether the course of action was "within the bounds of reasonableness, even if it turns out not to have led to the best possible outcome."[59] As explained by the Commission, this is to "avoid the application of hindsight in reviewing the

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52 Ex. SCG-01 (Sera) at TTS-9; Ex. SCG-03 (Yu) at RMY-2.

53 Ex. SCG-01 (Sera) at TTS-9.

54 Cal. Pub. Util. Code §451, 454.

55 D.14-06-007 at 12-13.

56 D.11-10-002 at 11.

57 D.97-08-055 at 54, *see* also D.90-09-088 at 16.

58 D.90-09-088 at 15 (quoting D.88-03-036 at 5)(cited in D.11-10-002 at 11, n.2). *See* also D.90-09-088 at 16 ("[t]he act of the utility should comport with what a reasonable manager of sufficient education, training, experience and skills using the tools and knowledge at his disposal would do when faced with a need to make a decision and act…").

59 D.89-02-074 at 169 (COL 3); *see* also D.05-08-037 at 11.

reasonableness of a utility decision."[60] Furthermore, "any party opposing such a request then has a burden of going forward to present evidence to raise a reasonable doubt and show a different result was warranted."[61]

As demonstrated through the record, SoCalGas acted as reasonable managers based upon facts that were known at the time and prudently executed the TIMP from October 1, 2022, through December 31, 2023.

IV. ISSUES TO BE DETERMINED IN THE PROCEEDING

This Opening Brief is organized according to the five (5) Scoping Issues identified in the Assigned Commissioner's Scoping Memo and Ruling issued on August 18, 2025 as directed by the Administrative Law Judge's October 5, 2025 E-Mail Ruling Removing Status Conference and Providing Instructions on Evidentiary Hearings and Briefs.

A. Scoping Issues

1. Whether SoCalGas's TIMPBA expenditures and cost recovery request of $173.8 million are just and reasonable;

a. SoCalGas's Costs Requests Are Just and Reasonable in Light of the Compliance Nature of TIMP and New Requirements That Were Not Included in the TY 2019 GRC

SoCalGas is required to execute the TIMP in accordance with assessment activities prescribed by 49 CFR §192, Subpart O, and later 49 CFR §192.710.[62] Under Subpart O and 49 CFR §192.710, SoCalGas is required to continually identify threats to its pipelines in HCAs, MCAs and Class 3 and 4 pipelines not in HCAs; determine the risk posed by these threats, schedule and track assessments to address threats, conduct assessments within prescribed timelines, collect information about the condition of the pipelines, take actions to minimize applicable threats and integrity concerns to reduce the risk of a pipeline failure, and report findings to regulators.[63]

Both the Prepared Direct Testimony of Travis T. Sera (Ex. SCG-01) and Rebuttal Testimony (Ex. SCG-05-2E) highlight how PHMSA's changes drove an increase in activity

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[60] D.90-09-088 at 15.

[61] D.11-03-049 at 9 (citation omitted).

[62] Ex. SCG-01 (Sera) at TTS-3.

[63] *Id*. at TTS-4.

during the period of 2019-2023, which was not forecasted in SoCalGas's TY 2019 GRC. When SoCalGas's TY 2019 GRC was filed in October in 2017, the forecast was based on the then prescribed activities, "using unit and unit costs estimates to develop financial forecasts."[64] SoCalGas explained that, "Anticipated costs drivers that cannot currently be defined with specificity related to PHMSA's issuance of the Notice of Proposed Rulemaking (NPRM) for Natural Gas Transmission Pipelines, which include but are not limited to, the Integrity Verification Process (IVP), the introduction of 'Moderate Consequence Area' (MCAs), and enhancements to records requirements."[65] SoCalGas did not include costs associated with these proposals in its GRC forecast since they were still under review and had not been codified.

In addition, PHMSA established new requirements which include the *Pipeline Safety: Safety of Gas Transmission Pipelines: MAOP Reconfirmation, Expansion of Assessment Requirements, and Other Amendments* final rule (GTSR Part 1) which became effective July 1, 2020.[66] Additionally, a PHMSA advisory bulletin declared that the SCC threat be considered "active" by default for all pipeline segments.[67] As a result, additional inspections were required on pipeline segments determined to have a susceptibility to the SCC threat, which at times required additional tools and technologies and also required direct examinations to validate the results of the inspections.[68]

Further, in a response to PG&E's request for interpretation of 49 CFR §192 regarding when the assessment of a newly activated threat must be completed in an existing HCA if the threat is newly activated during the reassessment period provided by 49 CFR §192.939, PHMSA provided the following response:

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64 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-5 citing A.17-10-008, Direct Testimony of Maria T. Marinez (Pipeline Integrity for Transmission and Distribution) on behalf of SoCalGas (Ex. SCG-14) at MTM-19.

65 *Id*.

66 Also known as RIN 1.

67 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-5 citing PHMSA, *Pipeline Safety: Deactivation of Threats*, 82 Fed. Reg. 50,14106 (March 16, 2017), *available at:* https://www.phmsa.dot.gov/regulatory-compliance/phmsa-guidance/pipeline-safetydeactivation-threats.

68 GTSR Part 1 enhancement of 49 CFR §192.917(e) and Pipeline Safety: Deactivation of Threats, 82 Fed. Reg. 50,14106 (March 16, 2017), available at: https://www.phmsa.dot.gov/regulations/federalregister-documents/2017-05262.

> PHMSA agrees with the CPUC's assessment that 49 CFR §192.939 does not have an exception for newly discovered threats within exiting HCAs if they are discovered within an assessment cycle. Therefore, a pipeline operator must assess a newly activated threat on a covered segment within the same assessment cycle as other threats that were previously identified through risk assessment under 49 CFR §192.917(a) regardless of when the threat becomes active.[69]

Because of these enhanced requirements that resulted in previously stable threats being newly categorized as active, 13 inspection projects required additional threat assessments during the TY 2019 GRC cycle that were not previously anticipated.[70]

b. TIMP Assessments Are Not Redundant or Duplicative but Continuous and Cyclical Per Federal Regulations

Small Business Utility Advocates (SBUA) asserts that the work completed by SoCalGas to comply with federal regulations was duplicative of prior inspections.[71] SBUA fails to understand and/or acknowledge that TIMP assessments are cyclical and continuous per 49 CFR §192.939. After completing the baseline integrity assessment, SoCalGas must continue to assess the pipeline and associated threats at the established intervals which cannot exceed those specified by 49 CFR §192.939 as dictated by the HCAs along the pipeline and results of any integrity assessments.[72] Because the sequence of assessment is a cyclical and continuous process required by federal regulations, the work SBUA refers to as "duplication" is, in fact, cyclical reassessment work that is built into the TIMP program and is required for timely compliance, and is therefore justified and reasonable.[73]

In supporting its claim, SBUA cites to SoCalGas's second TIMP inspection of Line 4000 Phase 1 (Line 4000) as duplicative of work performed a year earlier on the same pipeline.[74]

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69 PHMSA, Letter from John A. Gale, Director of Office of Standards and Rulemaking at PHMSA to Christine Cowsert VP, Gas Asset Mgmt. & System Operations at PG&E (June 23, 2021), available at: https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/standardsrulemaking/pipeline/interpretations/75361/pacific-gas-and-electric-company-pi-21-0004-06-24-2021part-192939.pdf.

70 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-6; *see* Ex. SCG-02-WP-A, Volume 1 at WP-117, 173; Ex. SCG-02-WP-A, Volume 3 at WP-992, 1077, 1113, 1173, 1208, 1225, 1247, 1301, 1346; Ex. SCG-02-WP-A, Volume 4 at WP-1641; Ex. SCG-02WP-A, Volume 5 at WP-1980.

71 Ex. SBUA-01 (Sheriff) at 7-11.

72 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-23.

73 *Id*.

74 Ex. SBUA-01 (Sheriff) at 8-9.

SBUA's argument is misguided. The two inspections on Line 4000 were not duplicative because the inspections were focused on detecting different anomalies. Line 4000 was initially inspected using an inspection tool designed to detect overall metal loss as part of the TIMP assessment requirement.[75] While the results of the Line 4000 inspection were still being reviewed and before SoCalGas began direct examinations, the post-repair re-pressurization of Line 235 W resulted in the discovery of pinhole leaks along the pipeline.[76] Since Line 4000 operates in a similar environment with similar pipeline characteristics, the discovery of leaks on Line 235 W prompted additional inspection of Line 4000, as required by 49 CFR §192.917(e)(5), during the TY 2019 GRC cycle using an inspection tool designed to detect pinholes.[77] The inspection of Line 4000 that SBUA questions was not a repeat of the initial inspection but an additional inspection using a different inspection tool to detect a different set of anomalies based on updated information and circumstances.[78] The results of the additional inspection were integrated with the results of the initial inspection, as well as aboveground inspection results, to identify areas of the pipe to excavate for validation of the inspection tool results and repairs.[79]

c. The Costs for Non-HCA Are Just and Reasonable

Indicated Shippers claims that "SoCalGas provided no data or information in its Application demonstrating that SoCalGas took advantage of the flexibilities provided by 49 CFR §192.710, especially with regard to exclusion of pipeline segments operating below 30% of SMYS."[80] Indicated Shippers incorrectly applies 49 CFR §192.710 to all of SoCalGas's assessment projects in areas outside of HCAs during the 2019-2023 period. SoCalGas excluded pipeline segments operating under 30% SMYS when determining segments required to be assessed per 49 CFR §192.710(a), therefore, 49 CFR §192.710 is not the driver for these assessments.[81]

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75 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-24.

76 *Id*.

77 *Id*.

78 *Id*.

79 *Id*.

80 Ex. IS-01 (Collins) at 14.

81 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-28.

Indicated Shippers misconstrued 49 CFR §192.710 as the primary reason for non-HCA pipeline work and that since 49 CFR §192.710 allows for 10 years to meet its assessment requirement, SoCalGas should have deferred non-HCA pipeline work through alternative solutions.[82] Indicated Shippers is incorrect that SoCalGas's non-HCA pipeline work was primarily completed in response to 49 CFR §192.710.[83] As SoCalGas explained, 49 CFR §192.710 is not the only driver for non-HCA pipeline work.[84] There are a number of reasons why TIMP includes non-HCA pipeline segments. First, there are pipelines in the SoCalGas system that have HCAs that require assessment which contains segments of non-HCA pipe.[85] For pipelines assessed by ILI, there are circumstances where the assessment of non-HCA segments were operationally efficient or required to assess an HCA segment.[86] These circumstances include assessments that include multiple, non-continuous HCAs with non-HCA gaps between the HCAs, and situations in which an HCA terminates at an inaccessible portion of the pipeline.[87] For example, one pipeline required the assessment of 17 distinct HCAs.[88] Instead of attempting to divide the pipeline into 17 individual assessment projects requiring 34 launchers and receivers, SoCalGas prudently performed the assessment as one project to save time, cost, and reduce construction activities that negatively impact communities.[89] Another example is where an HCA pipeline segment ends at the edge of a steep hillside making it costly and unsafe to install launching or receiving infrastructure at that location.[90] In both these examples, it is operationally efficient and/or required to assess non-HCA pipeline segments along with HCA segments.[91] Second, non-HCAs are also required to be assessed per the requirements of 49 CFR §192.917(e)(5) which states that "if an operator identifies corrosion on a covered pipeline

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82 Ex. IS-01 (Collins) at 5.

83 Ex. SBUA-01 made similar arguments that were also incorrect.

84 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-28-29.

85 *Id.* at SZGY-29.

86 *Id*. citing Attachment G, SoCalGas's response to Indicated Shippers Data Request IS-SCG-001, Question 15, dated September 9, 2025.

87 *Id.* at SGZY-23.

88 *Id.* at SGZY-29.

89 *Id*.

90 *Id*.

91 Ex. SCG-05-2E (Sera, Galvan, Zeoli, and Yu) at SGZY-29-30.

segment that could adversely affect the integrity of the line (conditions specified in 49 CFR §193.933), the operator must evaluate and remediate, as necessary, all pipeline segments (both covered and uncovered) with similar material coating and environmental characteristics."[92]

For non-HCA pipeline segments included in SoCalGas's TIMP, Indicated Shippers also misunderstood SoCalGas's testimony and workpapers when contending that SoCalGas did not consider more cost-effective alternatives to direct examination assessments.[93] SoCalGas identified the assessment/inspection method in each workpaper included in its Application, none of which stated "direct examination" as the assessment/inspection method. As SoCalGas explained, TIMP has a four-step Assessment and Remediation process that includes: (1) Pre-Assessment; (2) Inspection; (3) Direct Examination; and (4) Post-Assessment.[94] Regardless of the assessment/inspection method in Step 2 (*e.g.*, ILI, ECDA), there necessarily follows the Step 3 "Direct Examination" during which SoCalGas performs validation excavations.[95] These excavations enable the Company to validate data to confirm assessment findings, determine appropriate remediations, and develop P&M measures as applicable and are a necessary step of pipeline assessments.[96]

d. SoCalGas's Request for Straight-Time Labor are Just and Reasonable

Cal Advocates recommends a disallowance of $34.328 million of SoCalGas's straight-time labor costs arguing that SoCalGas failed to demonstrate that recorded costs "are incremental beyond what was previously authorized in the GRC."[97] Cal Advocates contends that "redirecting existing sources does not support the utilities incrementality claim"[98] and SoCalGas "did not provide adequate support to demonstrate that it created any new positions specifically for the activities in this Application."[99] Cal Advocates misapplies the incrementality analysis.

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92 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-29.

93 Ex. IS-01 (Collins) at 6.

94 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-30.

95 *Id*.

96 *Id*.

97 Ex. CA-01 (Chow) at 13-15.

98 *Id*. at 16.

99 *Id*. at 14.

i. SoCalGas's Authorized Revenue Requirement for TIMPBA was Separate from SoCalGas's Base Funding

In D.19-09-051, the Commission authorized revenue requirement for SoCalGas's TIMPBA that is separate and apart from non-TIMP GRC revenue requirement.[100] D.19-09-051 authorized SoCalGas to establish a two-way balancing account to record the difference between actual and authorized O&M and capital-related costs associated with SoCalGas's TIMP.[101] This Commission-approved structure of the TIMPBA was designed so that only costs that exceed the GRC-authorized amounts can be sought for recovery in a retrospective cost recovery. If total actual TIMPBA revenue requirement exceeds the total authorized TIMPBA revenue requirement for the period when the two-way TIMPBA is approved, the excess costs are incremental and are not embedded in (nor have been recovered through) existing rates.[102] Conversely, if the actual TIMPBA revenue requirement is less than the authorized amount, that difference is returned in rates to customers.[103] In other words, TIMP authorized amounts are, by design, not embedded in non-TIMP GRC revenue requirement.[104]

For the TY 2019 GRC cycle, SoCalGas recorded actual expenditures in the TIMPBA on a sequential, chronological basis.[105] To effectuate clear separation between TIMPBA and other company funding, SoCalGas records costs to dedicated TIMP work orders that include specific accounting codes (*e.g.* budget codes), that allow for accurate identification and separation of expenditures.[106]

ii. Incrementality Should Compare Costs Incurred to Those Previously Authorized for Recovery for Similar Expenditures

In D.23-02-017, which Cal Advocates similarly cites, the Commission states, "the Commission has found that an incrementality analysis can compare costs incurred to those

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[100] Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-6-7.

[101] *Id*.

[102] *Id*.

[103] *Id*. For any unspent TIMP funds at the end of the current GRC cycle, SoCalGas will propose in its next GRC proceeding to return the unspent funds in rates to customers.

[104] *Id*. at 6-7.

[105] *Id*. at 6.

[106] *Id*. at 6.

previously 'authorized for recovery for similar expenditures,' and it is not necessary to compare costs recorded in memorandum accounts against companywide authorized expenses."[107] Moreover, it would be inappropriate to use "costs recorded in a memorandum or balancing account to offset forecast variances for unrelated budget categories" as it "would be inconsistent with the prospective ratemaking principles […] and undermine the purpose of allowing utilities to establish memorandum and balancing accounts."[108]

Here, the amount "previously authorized for recovery for similar expenditures" is the $270.6 million revenue requirement authorized for TIMP in D.19-09-051. There is no dispute that SoCalGas incurred costs exceeding this amount. Therefore, the costs requested in this Application are incremental to costs "previously authorized for recovery for similar expenditures."

Even if the Commission wanted to expand beyond TIMP expenditures and compare to SoCalGas's broader gas transmission safety, reliability, and maintenance activities for the TY 2019 GRC cycle, which SoCalGas does not believe is appropriate based on prior Commission precedent, SoCalGas's 2023 Risk Spending Accountability Report (RSAR) demonstrates that the increased TIMP activities are entirely incremental to those costs as well.[109] The 2023 RSAR summarizes the total reportable expenditures for the period of 2019-2023.[110] Excluding balanced programs and activities such as the TIMP, SoCalGas exceeded total authorized costs by approximately $479 million to complete gas transmission safety, reliability, and maintenance scopes of work as shown in Figure SZGY-2 below.[111] While SoCalGas redirected resources to support its various gas transmission activities, including TIMP activities included in this

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[107] D.23-02-017 at 26 (citing D.21-08-024 at 19-20).

[108] D.22-06-032 at 10.

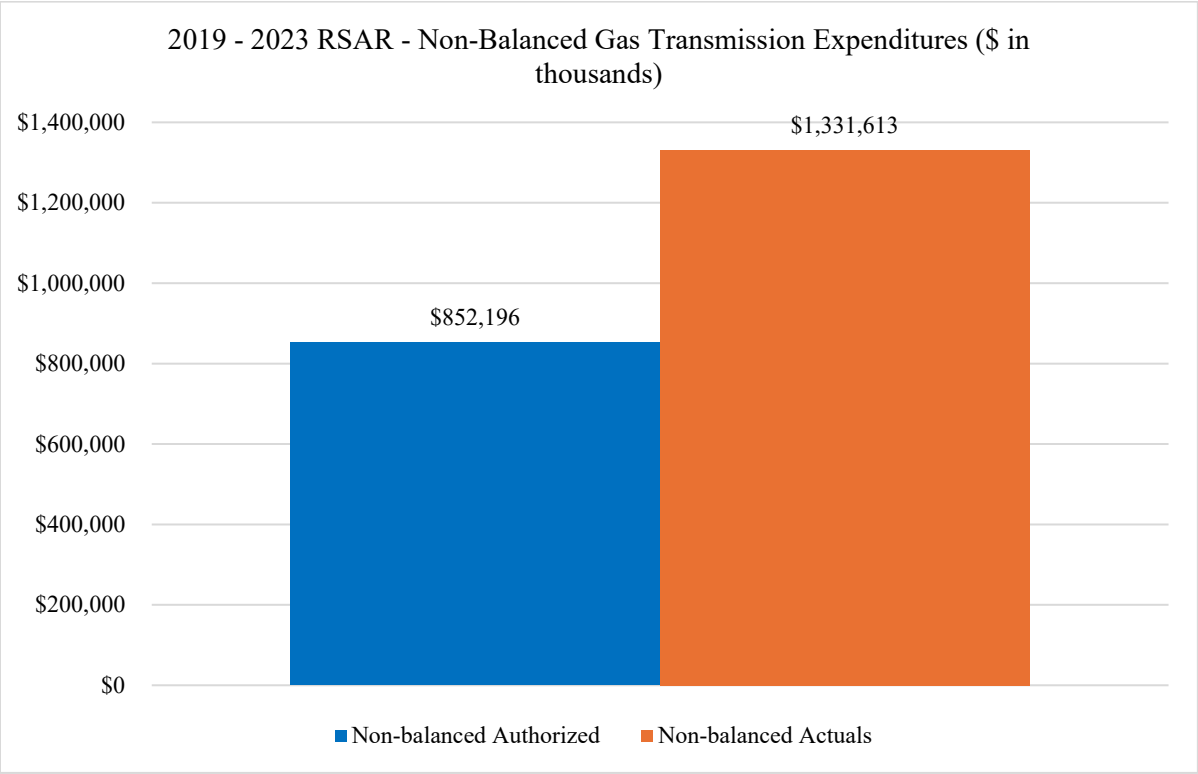
[109] Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-8.

[110] *Id*.

[111] *Id*. citing to A.17-10-007 (cons.)/A.21-05-011 (cons.)/A.22-05-015 (cons.), Risk Spending Accountability Report of San Diego Gas & Electric Company (SDG&E) and SoCalGas for 2023 (April 30, 2024), available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/risk-spending-accountability-reports/sdge_socalgas-2023-rsar-report.pdf. Derived from information in Attachment B at B-106-120.

Application, Cal Advocates erroneously assumes that the redirected resources were not covered by another resource(s).[112]

Figure SZGY-2



Cal Advocates is also incorrect that SoCalGas must "demonstrate that it created any new positions specifically for the activities in this Application."[113] First, Cal Advocates mistakes Full-Time Equivalent (FTE) for headcount. For the purposes of GRC, FTE is an indication of activity level and not a specific headcount (or number of employees). In some cases, headcount may be more and in other cases headcount may be less than FTE. The activity level drives the forecasted FTE in an operational area, which may ultimately be performed using internal labor, outside contractors, overtime or a mix of each. As a result, headcount does not equal FTE. Second, there is no requirement that new positions be created to demonstrate incrementality.[114] Cal Advocates appears to require that SoCalGas take the less cost-effective approach of hiring

[112] Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-8.

[113] Ex. CA-01 (Chow) at 14.

[114] Ex. CA-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-12.

new employees solely to prove incremental activity, rather than leveraging its existing workforce and external contractors to increase efficiency where appropriate. Further, SoCalGas did in fact hire new employees and provided this information to Cal Advocates in response to its data request.[115] In a data request, Cal Advocates requested the number of employees working on TIMP projects and whether they were existing or newly recruited employees.[116] For newly recruited employees, Cal Advocates requested the number of new employees, the date of hire for new employees, whether the new employee was permanent or temporary, and documentation that the employees were hired for TIMP projects.[117] In response, SoCalGas provided a list of 468 employees hired between January 1, 2019 through December 31, 2023 and billed time to TIMP, including sixty-two (62) employees which SoCalGas identified were hired specifically for the Pipeline Integrity Execution (PI-Ex) and High-Pressure Integrity Assessments (HPIA) teams dedicated to TIMP work.[118] HPIA and PI-Ex are the two primary organizations that implement and manage the four-step process for TIMP assessments and is composed of engineers, project managers, construction managers, technical advisors, project specialists, and other employees.[119] For the other 406 employees who were not specifically hired for TIMP but supported TIMP activities, SoCalGas explained that while employees may not have been hired for a TIMP specific role, these employees provided support for TIMP activities along with other different programs and projects.[120] Regardless of the employees' organization, if an employee supports TIMP work, that time is recorded to dedicated TIMP work orders which are tagged with accounting codes that enable the identification and separation of costs (*e.g.*, budget codes).[121] Without explanation, Cal Advocates seemingly dismisses this information as insufficient, and

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[115] *Id*., Attachment A, SoCalGas's response to Cal Advocates Data Request PubAdv-SCG-002-EIC, Question 1, dated July 7, 2025.

[116] *Id.*

[117] *Id.*

[118] *Id*. SoCalGas also provided the employees' date of hire and whether they were hired as permanent or temporary employees, as requested by Cal Advocates. Attachments A and B; SoCalGas's response to Cal Advocates Data Request PubAdv-SCG-002EIC, Question 1, dated July 7, 2025, and SoCalGas's response to Cal Advocates Data Request PubAdv-SCG-003-EIC, Question 3, dated August 6, 2025.

[119] Ex. SCG-02 (Zeoli, Galvan, and Sera) at ZGS-2.

[120] *Id.*, Attachment A.

[121] *Id*. at SZGY-7.

argues that SoCalGas did not provide information regarding baseline staffing data or timesheet copies,[122] neither of which were specifically requested by Cal Advocates.

iii. Incrementality Can Be Measured on an Activity-by-Activity Basis Consistent with Established Ratemaking Principles

The Commission has maintained that incrementality can be demonstrated on an activity-by activity basis: "Determining incrementality on an activity-by-activity basis is consistent with established prospective ratemaking principles and Commission-approved guidelines for determining incrementality."[123] SoCalGas's TY 2019 GRC TIMP forecast was based upon the expected number of annual assessments rather than the specific mix of internal employees or external contractors performing the assessments.[124] This activity-driven forecasting allows SoCalGas flexibility in adjusting internal and contracted resources as needed to meet the timelines required by federal regulations and guidance.

SoCalGas manages its portfolios of work comprehensively, allocating resources where they are most needed for safety, compliance, and reliability. When PHMSA issued new and updated regulations or guidance expanding the scope of TIMP after the approval of the SoCalGas TY 2019 GRC application, SoCalGas, as a reasonable manager, prudently redirected some of its workforce to meet these incremental safety and compliance requirements which were not previously planned/forecasted for, enabling efficient use of existing experience and personnel.[125]

Cal Advocates asserts that "redirecting existing sources does not support the utilities' incrementality claim and the reasonableness of [SoCalGas] recovering straight-time labor costs from ratepayers. [SoCalGas] did not provide verifiable support that straight-time labor costs were not already recovered in the GRC because [SoCalGas] did not provide adequate supporting documentation to show it created new positions and hired new staff beyond what was previously

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[122] *Id.* at SZGY-13 citing Ex. CA-01 (Chow) at 15.

[123] D.22-06-032 at 108 (Conclusion of Law (COL) 5).

[124] Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-9 citing A.17-10-008, Ex. SCG-14 (Martinez) at MTM-30.

[125] *Id.* at TTS-11-12.

authorized in the GRC to complete TIMP activities."[126] This does not reflect how utilities manage work across their service territories and appears to promote a less cost-effective approach that requires hiring new employees for incremental work rather than leveraging experienced employees and external contractors to increase efficiencies. Cal Advocates compounds its mistake by making the flawed assumption that SoCalGas's redirection of employee labor to the TIMP meant SoCalGas did not then offset this reallocation by either hiring additional employees or leveraging external contractors or other non-labor means to complete other scopes of work.[127] In other words, Cal Advocates incorrectly assumes that when SoCalGas reassigned employees to meet expanded TIMP requirements, the non-TIMP funding tied to those employees was unspent.[128] As reflected in SoCalGas's RSAR, SoCalGas was not only required to exceed authorized expenditures for TIMP but also exceeded authorized expenditures for its other gas transmission safety, reliability, and maintenance activities for the TY 2019 GRC cycle.

e. SoCalGas's Request for Vacation and Sick (V&S) are Just and Reasonable

Cal Advocates recommends disallowing $3.271 million in V&S expenditures; $1.178 million in capital and $2.093 million in O&M.[129] Cal Advocates' reasoning for the disallowance is that "[i]f the underlying labor is not incremental, then the related vacation and sick leave costs also must not be incremental."[130] However, V&S costs are applied as a factor to direct labor costs, are included in balancing account recovery mechanisms, and are proportionally tied to the incremental straight-time labor. Therefore, for the same reasons that Cal Advocates requested

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[126] Ex. CA-01 (Chow) at 16.

[127] Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-10.

[128] Even if SoCalGas's reallocation of employees resulted in underspending in other areas that underspending will be reflected in its historical for the next GRC.

[129] Ex. CA-01 (Chow) at 17. While not discussed in Cal Advocates' testimony, SoCalGas determined based on Cal Advocates' response to data requests that Cal Advocates arrived at their disallowance based on a review of expenditures from 29 sampled SoCalGas TIMP projects performed during the TY 2019 GRC cycle. Vacation & Sick costs from these sampled projects were then multiplied by an adjustment factor based on the proportion of the sampled projects costs against SoCalGas's expenditures that contributed to the revenue requirement requested in this Application to arrive at their recommended disallowance. *See* Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu), Attachment D, Cal Advocates' response to data request SCG-Cal Advocates-001, dated October 2, 2025 for the relevant tables regarding Cal Advocates' multiplier and disallowance calculation.

[130] Ex. CA-01 (Chow) at 18.

disallowance for SoCalGas's straight time labor fails, as explained in Section IV.A.1.d, Cal Advocates requested disallowance for V&S fails.

f. Costs for Vendor #11900 were for TIMP Activities and are Just and Reasonable

Cal Advocates' recommends the disallowance of $0.538 million in capital and $0.155 million in O&M costs for Vendor #11900.[131] Cal Advocates' recommendation is based solely on the existence of a release order that makes reference to PSEP even though there are other release orders, including a release order for TIMP.[132] Cal Advocates' recommendation is based on a misunderstanding of the purpose of a release order.

Vendor #11900 provides non-destructive examination (NDE) services—critical for pipeline integrity management under federal regulations (49 CFR Parts 192 and 195)—for both TIMP and PSEP projects. For TIMP, NDE validates in-line inspection results during anomaly remediation, a required step in TIMP's four-part assessment process, and employs techniques such as ultrasonic and radiographic testing.[133]

SoCalGas has a Master Service Agreement (MSA) with Vendor #11900 and various release orders for NDE under the MSA.[134] Release orders simply authorize work under the MSA and set administrative parameters; they do not dictate cost allocation.[135] Regardless of the release order, actual costs are recorded to work orders (*e.g.*, TIMP work order or PSEP work order) with proper accounting codes. Costs that are recorded to TIMP work orders are included in the TIMPBA. In other words, regardless of the release order, when Vendor #11900 performs NDE work, the determining factor is whether the costs are recorded to the proper TIMP work order.

Cal Advocates further asserts SoCalGas failed to link the release orders or allocate costs by contract. In fact, SoCalGas provided extensive support—143 projects and over 2,600 pages of workpapers—in its Application. Cal Advocates cites to no requirement that SoCalGas must submit every contract, inter-contract relationships, or connect every line-item transaction to a

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131 Ex. CA-01 (Chow) at 21.

132 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-16.

133 *Id*.

134 *Id.* at SZGY-16-17.

135 *Id.* at SZGY-17.

contract in its initial showing, as this would unnecessarily overburden the record. While intervenors may seek additional detail through the discovery process, it is their responsibility to understand the materials provided. Here, Cal Advocates failed to understand the purpose of a release order.

g. SBUA Mischaracterizes the Costs Presented in SoCalGas's Workpapers

SBUA misrepresents SoCalGas's Application when it incorrectly states that 36% of the costs recorded in TIMPBA ($49.3 million by their account) are associated with projects under $1 million and lack supporting workpapers.[136] SBUA misunderstands SoCalGas's response to data requests.

In response to the data request in question, SoCalGas explained that "Of the ILI projects costing at least $1 million that workpapers were prepared for, the expenditures associated with them account for 64% of the total expenditures contributing to the revenue requirement being requested for recovery in this Application."[137] As SoCalGas has presented, ILI projects are only one component of the cost recovery request in the Application. The Application also seeks cost recovery for Retrofit Projects and Direct Assessment projects that primarily incurred costs from January 1, 2019, to December 31, 2023.[138] These costs were similarly supported by workpapers. In addition, not all costs lend themselves to workpapers. For example, the Application also seeks costs recovery for (1) Preventative and Mitigative Measures, (2) Data and Geographic Information Systems (GIS), and (3) Program Management and Support/Risk and Threat TIMP activities which did not lend themselves to workpapers but were instead supported by testimony.[139]

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[136] Ex. SBUA-01 (Sheriff) at 14.

[137] Ex. SBUA-01 (Sheriff), Attachment 2 at 3 (emphasis added).

[138] *See* Ex. SCG-02 (Zeoli, Galvan, Sera) at ZGS-1 and SCG-02-WP-A at WP-1, 11, 15.

[139] Ex. SCG-01 (Sera) at TTS-7-8, 12-15.

h. Parties Various Arguments for Further Delaying Cost Recovery Should be Rejected

i. Cal Advocates' Misapplies the Process Related to the Line 235 Memorandum Account

There are two separate and distinct projects on Line 235 West: (1) the TIMP project which SoCalGas refers to as Line 235 West, Phase 1; and (2) the PSEP project which SoCalGas refers to as Line 235 West, Section 1 & 2. Cal Advocates recommends delaying $40.720 million in O&M and capital expenditures for Line 235 West Phase 1 (TIMP project) until SoCalGas files a Tier 2 Advice Letter to recover costs for Line 235 West, Section 1 & 2 (PSEP Project) recorded in the Line 235 Memorandum Account (L235MA).[140] This recommendation is inconsistent with D.19-09-051 and is procedurally inappropriate.

The Line 235 West, Phase 1 (TIMP project) was conducted in compliance with federal pipeline safety regulations under 49 CFR §192 Subpart O.[141] This work was driven by prior rupture and leak events, and the results of integrity assessments identifying anomalies that required extensive remediation to support reliability before the pipeline could be safely returned to service.[142]

The Line 235 West, Section 1 & 2 (PSEP project) is work that was slated to take place to comply with D.11-06-017 and Pub. Util. Code §958.[143] The Line 235 West, Section 1 & 2 hydrotests were part of a larger pool of projects that were proposed as part of PSEP Phase 2A, which comprises transmission pipelines that do not have sufficient documentation of a pressure test to at least 1.25 MAOP and are located in Class 1 and 2 non-high consequence areas.[144]

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[140] Ex. CA-01 (Chow) at 19-21.

[141] D.19-09-051 at 206.

[142] *Id*.

[143] Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY- 15 citing A.17-10-008 (2019 GRC), Direct Testimony of Rick Phillips (Pipeline Safety Enhancement Plan) on behalf of SoCalGas (Ex. SCG-15-R) at RDP-A-2.

[144] *Id*. at RDP-A-7.

The L235MA[145] that is referred to by Cal Advocates was authorized under D.19-09-051 and established through SoCalGas AL 5531.[146] It was required by the Commission because of the concern that ongoing TIMP work (Line 235 West, Phase 1) may overlap with the scope of the PSEP project (Line 235 West, Section 1 & 2 hydrotests)[147] identified in A.17-10-008. D.19-09-051 required SoCalGas to clearly delineate in L235MA which costs are subject to PSEP and which costs are subject to TIMP.[148] The L235MA therefore includes two clearly delineated subaccounts:

- PSEP Cost Subaccount: Records costs associated with pressure testing or replacement of Line 235 West Sections 1 and 2, which are reflected on SoCalGas's financial statements.
- TIMP/Other Cost Subaccount: Tracks all other costs related to Line 235 that are not associated with PSEP, which are not reflected on SoCalGas's financial statements.[149]

D.19-09-051 further stated that costs for Line 235 West, Section 1 & 2 (PSEP project) shall not be placed into rates and costs for Line 235 West, Phase 1 (TIMP project) will be subject to refund until the advice letter for L235MA is approved.[150] As such, Line 235 West, Phase 1

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[145] SoCalGas L235MA Preliminary Statement, *available* at: https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=590.

[146] *See* D.19-09-051 at 779 (OP 13 and 14) and SoCalGas AL 5531, available at: https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=3674&flngId=5531&flngStatusCd=Approved.

[147] Cal Advocates incorrectly claims that the PSEP project has not begun. The PSEP project for Line 235 West Sections 1 and 2 is currently in Preliminary Design & Option Selection phase, in accordance with CPUC directives (D.11-06-017 and Pub. Util. Code §958) for pressure testing or replacing pipelines without sufficient records of a post-construction pressure test, with future project construction planned to commence in June 2031. *See* SoCalGas and SDG&E Monthly Pipeline Safety Plan Status Report – August 2025 (September 30, 2025) at 8, *available* at: https://www.socalgas.com/sites/default/files/202510/SoCalGas_SDGE_Monthly_PSEP_Status_Report_August_2025_COV.pdf.

[148] D.19-09-051 at 765 (COL 39).

[149] SoCalGas L235MA Preliminary Statement, available at: https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=590.

[150] D.19-09-051 at 765 (COL 39).

(TIMP project) costs are tracked (not recorded) in the L235MA.[151] The costs for Line 235 West, Phase 1 (TIMP project) are recorded and recovered through the TIMPBA and are subject to refund until the Commission approves the advice letter for L235MA.

In this Application, SoCalGas is requesting cost for the Line 235 West, Phase 1 (TIMP project), which are recorded in the TIMPBA. SoCalGas is not requesting cost for Line 235 West, Section 1 & 2 (PSEP project) in this Application. Pursuant to D.19-09-051, the Line 235 West, Phase 1 (TIMP project) costs that are approved in this Application will be subject to refund until a Tier 2 advice letter is approved.[152] Nothing in D.19-09-051 states that SoCalGas cannot recover costs for Line 235 West, Phase 1 (TIMP project) until the L235MA is approved.

Moreover, Cal Advocates' assertion that there is no delineation between PSEP and TIMP costs is incorrect. As discussed above, SoCalGas's accounting practices and the L235MA tariff explicitly distinguishes between these two categories so that "[s]uch PSEP costs shall not be placed into rates for recovery, and such TIMP costs shall be made subject to refund until the advice letter is approved."[153]

Accordingly, Cal Advocates' proposed disallowance should be rejected and the Commission should authorize recovery of the $40.720 million in TIMP-related costs associated with Line 235 West, Phase 1, subject to future refund, if necessary, consistent with the provisions of the L235MA.

ii. Gas Efficiency Study

Both SBUA and Indicated Shippers mischaracterize the scope and timing of the Commission directive in D.24-12-074 requiring SoCalGas to undertake an independent efficiency study of its TIMP and Distribution Integrity Management Program (DIMP).[154] First, D.24-12-074 was issued on December 23, 2024, approximately a year after all the costs being requested in this Application were incurred (October 1, 2022 through December 31, 2023).[155]

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[151] Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-15.

[152] D.19-09-051 at 779 (OP 13).

[153] SoCalGas L235MA Preliminary Statement at 2.

[154] Ex. SBUA-01 (Sheriff) at 5; Ex. IS-01 (Collins) at 19.

[155] *See* D.24-12-074 which was issued on December 23, 2024 with an effective date of December 19, 2024.

Second, the purpose of the efficiency study is to inform SoCalGas's next GRC. Ordering Paragraph 34 of D.24-12-074 states:

> SoCalGas shall perform an independent study of the efficiency of SoCalGas's Transmission Integrity Management Program and Distribution Integrity Management Program programs and related activities, including their management, to determine how best to improve their effectiveness, efficiency, and cost-effectiveness. *A report of the study's findings shall be filed with SoCalGas's application in the next general rate case.*[156]

The Commission did not condition cost recovery of prior activities which costs have already been incurred upon completing or submitting the study, nor did it require the study to be part of the evidentiary record in this proceeding. D.19-09-051 did not make the efficiency study a prerequisite for determining the reasonableness of SoCalGas's past cost contrary to SBUA's claims.[157] In this Application, SoCalGas's cost recovery request is supported by evidence demonstrating compliance with federal pipeline safety requirements, alignment with the Commission's reasonable manager standard, and implementation of prudent operational practices.[158]

In summary, the independent efficiency study was ordered after the costs in this Application were incurred and is a forward-looking initiative intended to inform SoCalGas's next GRC. It is not a condition precedent for recovery of costs already incurred in prior GRC cycles.

iii. TIMP Complements the Commission's Long-Term Gas Planning proceedings

Indicated Shippers mischaracterizes the scope of the Commission's Long-Term Gas Planning proceedings (R.20-01-007 and its successor R.24-09-012) when it claims that SoCalGas's TIMP is contrary to the Commission's efforts in these proceedings.[159] SoCalGas implements TIMP to comply with the federal regulatory requirements mandated by 49 CFR

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156 D.24-12-074 at 1097 (OP 34) (emphasis added).

157 Ex. SBUA-01 (Sheriff) at 5.

158 *See* Application of SoCalGas to Recovery Costs Recorded in the TIMPBA (April 30, 2025) (Application) at 3.

159 Ex. IS-01 (Collins) at 18.

§192, Subpart O, and later 49 CFR §192.710, "with the goal of reducing overall risk."[160] SoCalGas must continue to comply with these federal requirements while the Long-Term Gas Planning proceeding is in process. Nothing in the Long-Term Gas Planning proceeding exempts SoCalGas from complying with federal requirements. In fact, throughout the Long-Term Gas Planning proceeding, the Commission has been clear on the importance of meeting state and federal safety regulations:

> Transmission pipelines are critical to both the reliability of the gas and electric systems. As a result, if a pipeline is needed to meet reliability standards it must be maintained in accordance with state and federal safety standards.[161]

Moreover, the critical need to meet safety regulation requirements in a timely manner led the Commission to develop a specific exemption to GO 177 permitting requirements for such activities like TIMP:

> We concur with the IOUs that projects required by any regulatory agency for safety reasons should be exempt from CPCN application requirements. Exempting projects required by other agencies for safety reasons from permit requirements helps ensure timely utility compliance with those regulations and the accompanying public safety or reliability of gas supplies. This includes PSEP projects previously approved by this Commission.[162]

In addition, contrary to Indicated Shippers contentions that TIMP is inconsistent with the Long-Term Gas Planning proceeding, TIMP complements the Long-Term Gas Planning proceeding because while the Commission and parties consider the future of the gas system in those proceedings, the safety and integrity of the existing gas system must still be maintained and SoCalGas must continue to comply with federally mandated requirements.[163]

i. SoCalGas's Proposed 12 Month Amortization of the TIMPBA Under-Collected Balance is Just and Reasonable

Indicated Shippers' recommends that SoCalGas's recovery of the under-collected TIMPBA balance be spread over a 36 month period, instead of the 12 month proposed by

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[160] Ex. SCG-01 (Sera) at TTS-9.

[161] Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-31, citing D.23-12-003 at 11.

[162] *Id.* citing D.22-12-021 at 49-50.

[163] Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-31.

SoCalGas, on the grounds that it would help mitigate the customer rate impact and address affordability concerns.[164] Indicated Shippers argues that, "capital-related carrying charges and depreciation that accrue prior to the time that an investment is fully evaluated, included in rate base, and reflected in rates, would be considered as part of the cost of the relevant asset. These costs would be capitalized and amortized over a period longer than 12 months."[165] Indicated Shippers recommendation appears to be based on a misunderstanding of the methodology for recovery of capital revenue requirement, given its discussion regarding capital-related carrying charges and depreciation.[166] The cost of an asset is depreciated over its useful life once placed in service; TIMP capital project costs are already being proposed for recovery over the asset's useful life, consistent with standard ratemaking and cost recovery practices.[167] Specifically, the capital revenue requirement requested for recovery in this Application is not an acceleration and only represents the costs (depreciation, return, and taxes) that have already been incurred.[168] Indicated Shippers' suggestion that capital-related revenue requirement requested in this Application also be amortized over a period beyond 12 months is inappropriate.[169] An annual (12-month) amortization period is consistent with the amortization of prior under-collected balances recorded in the TIMPBA,[170] as well as with other integrity management program under-collected balances that have been approved for recovery by the Commission.[171]

Further, while spreading cost over 36 months may mitigate customer rate impact, it does not necessarily address affordability concerns. Indicated Shippers' proposal to extend recovery 36 months would incur approximately $9 million in additional interest when compared to a 12 month amortization period.[172] To promote affordability in a manner that can directly benefit

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164 Ex. IS-01 (Collins) at 27-30.

165 *Id.* at 28-29.

166 *Id.* at 28-29.

167 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-33.

168 *Id.*

169 *Id.*

170 Res. G-3499 at 15 (OP 2); Res. G-3528 at 8 (OP 2); Res. G-3600 at 9 (OP 4).

171 Res. G-3544 at 7 (OP 2); Res. G-3610 at 9 (OP 2).

172 Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu), Attachment H, TIMPBA Interest Comparison: 36-Month Amortization vs. 12-Month Amortization.

customers through reduced interest costs, the Commission should amortize recovery over the normal 12 month period.[173]

2. Whether SoCalGas's revenue requirement associated with the costs presented in the Application and recorded in their TIMPBA are justified for rate recovery;

For all the reasons discussed in Section IV.A.1 above, SoCalGas's revenue requirement associated with the costs presented in the Application and recorded in their TIMPBA are reasonable and justified for rate recovery.

SoCalGas's TIMPBA expenditures have already been reviewed twice by the Commission. First, in Resolution G-3600, the Commission approved SoCalGas's request to recover a portion of the under-collection recorded in its TIMPBA for the 2019 GRC cycle (January 1, 2019 to September 30, 2022).[174] In the Resolution G-3600, the Commission found that "[c]hanges in assessment methods, increased labor and non-labor expenses and continuing remediation activities initiated prior to 2019 increased SoCalGas's actual [TIMP] expenditures causing costs to be higher than forecast, and that examined TIMP expenses and expenditures were appropriately recorded and reasonably incurred."[175] Second, the CPUC's Utility Audit Branch (UAB) conducted a performance audit of SoCalGas's balancing accounts, including the TIMPBA, for the period January 1 through December 31, 2023.[176] The audit aimed to confirm that the recorded transactions were allowable, properly documented, and that the accounts were maintained in compliance with applicable statutes, CPUC requirements, and SoCalGas policies.[177] SoCalGas received the audit report on February 19, 2025 which verified that all

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[173] Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-33.

[174] *Id.* at SZGY-10-11 citing Res. G-3600 available at https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M531/K560/531560777.PDF.

[175] *Id*. at SZGY-11 citing Res. G-3600 at 8 (Finding 9).

[176] *Id.* at SZGY-11 citing CPUC – Utility Audits, Risk and Compliance Division, Balancing Accounts Performance Audit, Southern California Gas Company (February 19, 2025), available at: https://www.cpuc.ca.gov//media/cpuc-website/divisions/utility-audits--risk--and-compliancedivision/reports/energy/2025/energy_2025-02-19_scg_ba.pdf.

[177] *Id.* at SZGY-11-12 citing CPUC – Utility Audits, Risk and Compliance Division, Balancing Accounts Performance Audit, Southern California Gas Company (February 19, 2025), available at: https://www.cpuc.ca.gov//media/cpuc-website/divisions/utility-audits--risk--and-compliancedivision/reports/energy/2025/energy_2025-02-19_scg_ba.pdf.

TIMPBA expense amounts tested were allowable, properly documented, and were in accordance with CPUC directives, orders, rules, regulations, and SoCalGas policies and procedures.[178]

3. Whether SoCalGas's TIMPBA recovery request complies with all applicable rules, decisions, statutes, and other requirements, including the tariff;

For all the reasons discussed in Section IV.A.1. and IV.A.2. above, SoCalGas's TIMPBA recovery request complies with all applicable rules, decisions, statutes, and other requirements, including the tariff.

4. 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;

In this Application, SoCalGas seeks to recover the under-collected revenue requirement in the TIMPBA of $173.8 million associated with exceeding the total authorized O&M and capital expenditures for the period of October 1, 2022 through December 31, 2023.[179] The under-collection is comprised of TIMP O&M expenses of $150.3 million, interest of $28.3 million, offset by an over-collection of capital revenue requirement (*i.e.*, depreciation, return, and taxes) of $4.8 million.[180] Authorized revenue recovery of $227.3 million, as approved by Resolution G-3600, has been applied to offset the TIMPBA under-collected balance as shown in Table RMY-1.[181]

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[178] Ex. SCG-05-2E (Sera, Zeoli, Galvan, and Yu) at SZGY-12 citing CPUC – Utility Audits, Risk and Compliance Division, Balancing Accounts Performance Audit, Southern California Gas Company (February 19, 2025), available at: https://www.cpuc.ca.gov//media/cpuc-website/divisions/utility-audits--risk--and-compliancedivision/reports/energy/2025/energy_2025-02-19_scg_ba.pdf.

[179] Ex. SCG-03 (Yu) at RMY-3.

[180] *Id*.

[181] *Id.* at RMY-3-4.

Table RMY-1
Southern California Gas Company
Transmission Integrity Management Program - Actual v. Authorized
TIMPBA Calculation (Revenue Requirement, $000)

Authorized	O&M	Capital Revenue Requirement	Interest	TIMPBA Activity
2019	47,817	1,020		48,837
2020	49,080	4,016		53,096
2021	50,258	4,456		54,714
2022	51,230	4,953		56,183
2023	52,408	5,333		57,741
Subtotal	250,793	19,778		270,571

Actual	O&M	Capital Revenue Requirement	Interest	TIMPBA Activity
2019	75,952	245	206	76,403
2020	104,648	10,751	287	115,686
2021	103,839	19,926	88	123,853
2022	126,220	34,057	4,025	164,302
2023	121,233	45,018	16,078	182,329
2024*	(1,854)	(12,614)	18,733	4,265
2025**			4,868	4,868
Subtotal	530,038	97,383	44,285	671,706

Under/(Over) Collection	279,245	77,605	44,285	401,135
TIMPBA Tier 3 AL#6060 Recovery	(128,990)	(82,358)	(15,979)	(227,327)
Remaining Under-Collection	**150,255**	**(4,753)**	**28,306**	**173,808**

Notes:
*An adjustment of $1.854 million was completed in November 2024 to reclassify O&M costs. Credit reported under capital revenue requirement is due to a $0.2 million adjustment and $12.4 million is due to the tax benefit provided for gas repairs under the 2023 Natural Gas Safe Harbor method of accounting.
**Interest is estimated through June 2025.

5. Whether the cost allocation policies adopted in Decision (D.) 24-07-009 should apply to the TIMPBA under-collection requested in this Application.

SoCalGas proposes to recover the under collected balance of the TIMPBA in gas transportation rates based on a functionalized allocation of transmission-related costs adopted in SoCalGas's most recent Cost Allocation Proceeding (CAP), D.24-07-009.[182] Through this proposal, SoCalGas TIMPBA under-collection balance of $173.8 million (without Franchise Fees & Uncollectibles (FF&U)) would be allocated to SoCalGas's Backbone Transportation Service (BTS) and to SoCalGas and San Diego Gas & Electric (SDG&E) local transmission system, given the integrated nature of the SoCalGas and SDG&E transmission systems and rate recovery mechanisms.[183] No intervenor submitted testimony regarding this issue and they take no position on this issue.[184] SoCalGas's proposed cost allocation methodology is consistent with cost allocation methodologies adopted in Commission Resolutions G-3499, G-3533, G-3600, and G-3611 which previously approved recovery of under-collected balances in both SoCalGas and SDG&E's TIMPBAs.[185] Accordingly, it is appropriate for the Commission to find that SoCalGas's proposed cost allocation methodology, which is based on its most recent Cost Allocation Proceeding (CAP) D.24-07-009, should be utilized to recover the requested under-collected TIMPBA balance presented in this application.

V. REQUEST FOR ORAL ARGUMENT

Pursuant to Rule 13.14 of the Rules of Practice and Procedure of the Commission, SoCalGas requests the opportunity to present oral argument before the Commission. SoCalGas may determine that oral argument is not necessary after reviewing the Proposed Decision; until that time, SoCalGas hereby requests oral argument to preserve this right under Rule 13.14.

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[182] Ex. SCG-04 (Schmidt-Pines) at MSP-1.

[183] *Id*. *See also,* Ex. SCG-03 (Yu) at RMY-4. Upon Commission approval of this Application, the revenue requirement will also be trued-up through the date rates are implemented for recovery of TIMP costs for regulatory account interest. SoCalGas will file a Tier 1 Advice Letter within 30 days of the effective date of the decision authorizing recovery to incorporate the updated revenue requirements into rates on the first day of the next month following advice letter submission or in connection with other authorized rate changes implemented by SoCalGas.

[184] Joint Meet and Confer Statement (October 31, 2025) at 2. SBUA stipulated to this issue.

[185] *See* Resolution G-3499 at 12 and 15 (Finding of Fact 14), Resolution G-3533 at 2 and 5, Resolution G-3600 at 2 and 6, Resolution G-3611 at 2 and 4.

VI. CONCLUSION

For the reasons set forth above and pursuant to the record evidence as it exists in this proceeding, SoCalGas respectfully requests that the Commission approve recovery of the remaining $173.8 million in under-collected revenue requirement recorded in the TIMPBA.

Respectfully submitted on behalf of SoCalGas,

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