

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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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

OPENING BRIEF OF THE PUBLIC ADVOCATES OFFICE

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I. INTRODUCTION

Pursuant to Rule 13.12 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits its opening brief in Southern California Gas Company's (SCG) application. The application seeks to recover costs recorded in SCG's Transmission Integrity Management Program Balancing Account (TIMPBA), in accordance with Public Utilities Code (Pub Util. Code) section 969,¹ Decision (D.) 19-09-051 in SCG's Test Year (TY) 2019 General Rate Case (GRC)², and Resolution G-3600.³

The Transmission Integrity Management Program (TIMP) was established in response to the Pipeline Safety Improvement Act of 2002⁴ which mandates minimum federal safety standards for the transportation of natural and other gas by pipeline.⁵ TIMP manages risk through the assessments and remediations of transmission pipelines.⁶

¹ Exhibit (Ex.) SCG-01: TIMP Development and Implementation, Prepared Direct Testimony of Travis Sera, at 5. Also see Public Utilities Code section 969.

² California P.U.C. Sheet No. 56836-G, *SCG Preliminary Statement for the Transmission Integrity Management Program (TIMPBA)*, Section 1: "Purpose"; Effective January 1, 2020.

³ Energy Division Resolution G-3600, *Southern California Gas Company's Request for Recovery of the Transmission Integrity Management Program Balancing Account Balance for January 1, 2019, to July 31, 2023*; Effective May 30, 2024.

⁴ Energy Division Resolution G-3600, *Southern California Gas Company's Request for Recovery of the Transmission Integrity Management Program Balancing Account (TIMPBA) for January 1, 2019, to July 31, 2023*; at 2, Section "Background".

⁵ National Archives Code of Federal Regulations, Part 192 – Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards. URL: <https://www.ecfr.gov/current/title-49/subtitle-B/chapter-I/subchapter-D/part-192>.

⁶ Decision (D.) 19-09-051, *Decision Addressing the Test Year 2019 General Rate Cases of San Diego Gas & Electric Company and Southern California Gas Company*; Findings of Fact 78.

The scope of TIMP projects includes pipelines and supply lines,⁷ pre-inspections,⁸ station retrofits,⁹ indirect inspections,¹⁰ direct examinations,¹¹ and post-assessments.¹²

SCG requests recovery for the costs recorded in the TIMPBA from October 1, 2022, through December 31, 2023¹³ that are above 135% of the GRC-authorized expenditures.¹⁴ Costs between 100% to 135% of the GRC-authorized expenditures were previously authorized for recovery by Commission Resolution G-3600.¹⁵ Recovery for costs greater than the 135% threshold, (or, \$178.3 million)¹⁶, not authorized under Resolution G-3600 or in the applicable GRC are subject to this separate application process.¹⁷

SCG seeks authorization to recover \$155.547 million for capital expenditures and \$150.255 million for O&M, for a total of \$305.802 million.¹⁸ Cal Advocates recommends the Commission authorize capital costs of \$107.130 million and O&M

⁷ SCG Workpapers for Exhibit (Ex.) SCG-02 Volume (Vol.) 1 (SCG-02-WP, Vol. 1), at 2, Table 1: “TIMP ILI Projects.”

⁸ SCG-02-WP, Vol. 1, at 5, Section “Engineering, Design and Constructability Factors – Inspection.”

⁹ SCG-02-WP, Vol. 1, at 11-14, Section “SCG’s TIMP Retrofit Workpaper Structure.”

¹⁰ SCG-02-WP, Vol. 1, at 16, Section “Engineering, Design and Constructability Factors – Indirect Inspection.”

¹¹ SCG-02-WP, Vol. 1, at 17, Section “Engineering, Design and Constructability Factors – Direct Examination.”

¹² SCG-02-WP, Vol. 1, at 18, Section “Engineering, Design and Constructability Factors – Post Assessments.”

¹³ SCG’s Application, *Application of Southern California Gas Company to Recover Costs Recorded in the Transmission Integrity Management Program Balancing Account from January 1, 2019, to December 31, 2023* (A.25-04-020 Application), at 5.

¹⁴ Ex. SCG-03: Balancing Account and Revenue Requirement, Prepared Testimony of Rae Marie Yu, p. 5, Table RMY-1: “Transmission Integrity Management Program – Actual v. Authorized TIMPBA Calculation (Revenue Requirement, \$000)” and Ex. SCG-01: TIMP Development and Implementation, Prepared Direct Testimony of Travis Sera, at 5.

¹⁵ Ex. SCG-01: TIMP Development and Implementation, Prepared Direct Testimony of Travis Sera, p. 5.

¹⁶ D.19-09-051, *Decision Addressing the Test Year 2019 General Rate Cases of San Diego Gas & Electric Company and Southern California Gas Company*; at 694.

¹⁷ A.25-04-020 Application; at 1 and Footnote 2.

¹⁸ SCG’s response to Cal Advocates Data Request PubAdv-SCG-008-EIC, Question 002.

expenses of \$119.659 million for recovery, or a total of \$226.789 million which is \$79.013 million less than SCG's recovery request.

Table 1-1 below compares SCG's capital and O&M requests and Cal Advocates' recommendations.

Table 1-1 SCG Request and Cal Advocates Recommendation (In \$000)¹⁹

Category	SCG Proposed	Cal Advocates Recommended	SCG > Cal Advocates
(a)	(b)	(c)	(d = b - c)
Capital Costs	\$155,547	\$107,130	\$48,417
O&M Costs	\$150,255	\$119,659	\$30,596
SCG Total	\$305,802	\$226,789	\$79,013

Table 1-2 below breaks down the specific categories Cal Advocates recommends denying in full, totaling \$79.013 million across capital and O&M.

Table 1-2 Specific Categories Cal Advocates Recommends Denying (In \$000)²⁰

Category	Capital	O&M	Total	Reason for Denial
(a)	(b)	(c)	(d = b + c)	(e)
Straight-Time Labor	\$6,004	\$28,324	\$34,328	Lacks evidence of new positions/hires; redirects existing GRC-funded resources (see D.23-02-017, D.25-06-051).
Vacation and Sick Leave	\$1,178	\$2,093	\$3,271	Tied to non-incremental labor; already funded in prior GRC.
Pipeline 235 West, Phase 1	\$40,697	\$23	\$40,720	Non-compliance with D.19-09-051; no Advice Letter for PSEP/TIMP separation.
Vendor #11900	\$538	\$155	\$693	Out of TIMP scope; misclassified unrelated pipeline costs.
Total Disallowances	\$48,417	\$30,595	\$79,013	

¹⁹ Cal Advocates Report on the Results of Operations for Southern California Gas Company Transmission Integrity Management Program Balancing Account (CA-01) at 2.

²⁰ CA-01 at 13-22.

II. PROCEDURAL BACKGROUND

On April 30, 2025, SCG filed Application (A.) 25-04-020 to recover costs recorded in its Transmission Integrity Management Balancing Account (TIMPBA).²¹ On June 5, 2025, Cal Advocates filed a timely protest. On June 20, 2025, the Commission held a telephonic prehearing conference (PHC). The Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued on August 18, 2025. Pursuant to the schedule, Cal Advocates served its Opening Testimony on September 23, 2025 with Opening Briefs scheduled for filing and service on December 12, 2025.²² On October 6, 2025, Administrative Law Judge (ALJ) Amin Nojan issued an e-mail ruling removing the October 31, 2025 status conference and providing instructions on evidentiary hearings and briefs. The email ruling instructed the parties to organize their respective opening and reply briefs according to how the issues are presented in the Commissioner's Scoping Ruling.²³ Pursuant to the email ruling the parties were to meet and confer to determine whether evidentiary hearings were needed in the proceeding and determine which issues were stipulated to or contested.²⁴ The Parties to the proceeding, including Cal Advocates, SCG, Indicated Shippers, and the Small Business Utility Advocates (SBUA), met and conferred through teleconference/email, and along with the Southern California Generation Coalition (SCGC), submitted a Joint Statement on October 31, 2025. The parties determined that evidentiary hearings were not needed in the proceeding and Cal Advocates did not stipulate to any of the contested issues in the application.²⁵

²¹ A.25-04-020 Application, at 1.

²² Scoping Memo at 3.

²³ Administrative Law Judge (ALJ) Amin Nojan's Email Ruling (October 6, 2025).

²⁴ ALJ Amin Nojan's Email Ruling (October 6, 2025).

²⁵ Joint Meet And Confer Statement at 2-3 (October 31, 2025). SBUA did stipulate to Scoping Issue #5.

III. EVIDENTIARY STANDARDS AND THE BURDEN OF PROOF

Pub Util. Code section 451 provides, in part, that “all charges demanded or received by any public utility ... shall be just and reasonable.”²⁶

Section 454 provides: “[N]o public utility shall change any rate or so alter any classification, contract, practice or rule as to result in any new rate, except upon a showing before the commission and a finding by the commission that the new rate is justified.”²⁷ Thus, in ratemaking proceedings such as this one, the burden of proof is on the applicant utilities.²⁸

The Commission uses the prudent manager standard to evaluate whether SCE’s requested costs are just and reasonable.²⁹ The Commission describes this standard as follows:

The term “reasonable and prudent” means that at a particular time any of the practices, methods, and acts engaged in by a utility follows the exercise of reasonable judgment in light of facts known or which should have been known at the time the decision was made. The act or decision is expected by the utility to accomplish the desired result at the lowest reasonable cost consistent with good utility practices. Good utility practices are based upon cost-effectiveness, reliability, safety, and expedition.³⁰

Most importantly, SCG must provide sufficient evidence during the proceeding to support its recovery request so the Commission can make an informed decision.

²⁶ Pub. Util. Code § 451.

²⁷ Pub. Util. Code § 454.

²⁸ See, e.g., Decision (D.) 19-05-020, *Decision on Test Year 2018 General Rate Case for Southern California Edison Company*, dated May 16, 2019 at 6-7 (“[I]t is undisputed that SCE bears the burden to establish that its requests are just and reasonable.”).

²⁹ D.22-06-032, *Decision Addressing Southern California Edison Company’s Track 3 Request for Recovery of Wildfire Mitigation Memorandum and Balancing Account Balances*, issued June 30, 2022 at 8.

³⁰ D.22-06-032 at 8, citing D.17-11-033 at 10 and D.87-06-021.

In D.19-09-051 (Decision on SEMPRA's General Rate Case), the Commission stated that SCG must adequately explain and substantiate Timpba spending incurred.³¹

The Commission requires that a utility's costs not only be prudent, but also verifiable for reasonableness before SCG can recover the costs. In D.12-01-032, the Commission stated:

To recover reasonable costs prudently incurred to comply with the changes to the Commission's rules adopted today. To be clear, we do not find today that all costs incurred to comply with the revised rules will be automatically assumed to be reasonable but that, after the Commission verifies the reasonableness of costs, recovery will be permitted.³²

Regarding situations where a utility fails to maintain or provide detailed records for the Commission's review to determine reasonableness and prudence of costs, Public Utilities Code Section 463(b) states:

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.³³

³¹ D.19-09-051 at 694.

³² D.12-01-032, *Decision Adopting Regulations to Reduce Fire Hazards Associated With Overhead Power Lines and Communication Facilities* at 151.

³³ URL for Public Utilities Code Section 463(b):
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=463&lawCode=PUC.

IV. DISCUSSION

A. SCG's TIMPBA recovery request is not just and reasonable because it lacks evidentiary support and should be denied.

1. Straight Time Labor Costs

SCG requests \$6.004 million in capital and \$28.324 million for straight-time labor for a total amount of \$34.328 million.^{34,35} SCG defines company labor as labor costs charged directly to the project, such as project managers, engineers, land services personnel, environmental services personnel, communication and outreach managers, construction managers, and field support personnel.”³⁶ The request should be denied.

Cal Advocates issued two separate data requests³⁷ asking SCG to provide supporting documentation showing the requested straight-time labor costs³⁸ and that SCG hired these employees exclusively for TIMP activities.³⁹ For example, SCG did not provide verifiable supporting documentation in either response. SCG did not provide supporting information (for instance, baseline staffing data, hiring approvals, timesheet copies, or position authorizations) to demonstrate that these employees' salaries and benefits proved incremental to amounts previously approved in the 2019 GRC.⁴⁰ SCG also failed to provide supporting documentation justifying and demonstrating that it hired new employees to fill new positions SCG created exclusively for TIMP.⁴¹ Thus, SCG's claim is unverifiable.

³⁴ CA-01 at 13 (SCG's response to Cal Advocates Data Request PubAdv-SCG-011-EIC, file *SCG_Response_PubAdv-SCG-011-EIC-Q1a.xlsx*).

³⁵ CA-01 at 13 (The straight-time labor adjustment is net of total straight-time labor requested minus straight-time labor associated with Line 235. Source: SCG's response to Cal Advocates Data Request PubAdv-SCG-011-EIC, Question 001(f)).

³⁶ CA-01 at 14 (SCG-02-WP, Vol. 1, at 13, Section "Actual Costs.").

³⁷ CA-01 at 14 (Cal Advocates Data Requests PubAdv-SCG-002-EIC and PubAdv-SCG-003-EIC.).

³⁸ CA-01 at 14 (SCG's response to Cal Advocates Data Request PubAdv-SCG-003-EIC, Question 003.).

³⁹ CA-01 at 14 (SCG's response to Cal Advocates Data Request PubAdv-SCG-002-EIC, Question 001.).

⁴⁰ CA-01 at 15.

⁴¹ CA-01 at 15.

Instead, SCG admits that its request for recovery includes employees who backfilled existing vacant positions.⁴² However, SCG did not specify the number of backfills versus new positions created, nor did SCG provide supporting documentation for its claim⁴³ that its labor costs are incremental.⁴⁴

As the Commission stated in D.23-02-017 on incrementality:

Costs are incremental if, in addition to completing the planned work that underlies the authorized costs, the utility had to procure additional resources, be it in labor or materials, to complete the new activity. The existence and completion of a new activity by itself does not prove the cost was incremental. If a new activity is completed by redirecting existing resources in a related work category, no incremental cost was incurred, despite the activity itself being “incremental.”⁴⁵

Labor costs for SCG employees are already authorized in the GRC.⁴⁶ SCG did not provide adequate and verifiable support in the form of baseline staffing data and hiring approvals to demonstrate that it created new positions for the activities in this Application. Instead, SCG redirected its employees, whose labor costs are already included in rates, to perform TIMP work activities associated with the costs requested for recovery in this Application.⁴⁷

Redirecting existing sources is contrary to the utilities’ incrementality claim and the reasonableness of it recovering straight-time labor costs from ratepayers.⁴⁸

⁴² CA-01 at 15 (SCG’s response to Cal Advocates Data Request PubAdv-SCG-003-EIC, Question 003.).

⁴³ SCG statement in Data Request PubAdv-SCG-003-EIC, Question 003: “The time and associated costs billed to TIMP from these 412 permanent positions and 56 temporary positions for TIMP-related activities are not authorized elsewhere in SCG’s test year (TY) 2019 GRC or in any other proceeding.”

⁴⁴ CA-01 at 15 (D.23-02-017 at 27.).

⁴⁵ CA-01 at 16 (D.23-02-017, *Decision Approving Settlement for Pacific Gas and Electric Company for Recovery of Recorded Expenditures Related to Wildfire Mitigation and Catastrophic Events, As Well As Other Recorded Costs*; at 27.).

⁴⁶ CA-01 at 14 (D.16-06-054, *Decision Addressing the Test Year (TY) 2016 GRCs for SDG&E and SCG*; D.21-05-003, *Decision Addressing the Petition for Modification of Post TY Mechanisms for SDG&E and SCG*; and D.24-12-074, *Decision Addressing the TY 2024 GRCs for SDG&E and SCG*.).

⁴⁷ CA-01 at 15.

⁴⁸ CA-01 at 15 (D.23-02-017 at 27.).

In D.25-06-051, the Commission agreed that Southern California Edison (SCE) did not provide enough information to justify reasonableness of its cost recovery request for straight-time labor because SCE did not perform an analysis to establish whether the request is reflected in the past GRC's revenue requirement.⁴⁹ Particularly relevant here is D.25-06-051's finding that SCE should have provided evidence that the straight-time labor costs were not already reflected in current rates and that SCE's requested labor costs resulted from new employee hiring.⁵⁰ The Commission reduced SCE's cost recovery to align with those costs that were substantiated.^{51, 52}

As was the case in D.25-06-051, here SCG did not provide supporting documentation to show it created new positions and hired new staff beyond what was previously authorized in the applicable GRC to complete TIMP activities.⁵³

Therefore, the Commission should deny SCG's request for straight-time labor costs in the amount of \$34.328 million since the request is not just and reasonable, lacks evidentiary support, cannot be verified and is not incremental.

2. Vacation and Sick Leave

SCG requests \$1.178 million in capital and \$2.093 million in O&M for vacation and sick leave for a total recovery of \$3.271 million.^{54, 55}

⁴⁹ CA-01 at 16-17 (D.25-06-051, Findings of Fact #14, 26, 27, 30, 54, 55, 67, and 69.).

⁵⁰ CA-01 at 17 (D.25-06-051 at 58 to 62.).

⁵¹ CA-01 at 17 (D.25-06-051 at 61.).

⁵² CA-01 at 17 (D.25-06-051 O.P. 1.).

⁵³ CA-01 at 16.

⁵⁴ CA-01 at 17 (SCG's response to Cal Advocates Data Request PubAdv-SCG-010-EIC, file *SCG Response_PubAdv-SCG-010-EIC-Q1 Attachment.xlsx*, SCG's response to Cal Advocates Data Request PubAdv-SCG-011-EIC, Question 1(f), and SCG's response to Cal Advocates Data Request PubAdv-SCG-007-EIC, Questions 1 and 2, *SCG Response_PubAdv-SCG 007-EIC-Q1-Q2 Attachment.xlsx*.).

⁵⁵ CA-01 at 17 (The vacation and sick leave adjustment is net of total vacation and sick leave requested minus vacation and sick leave associated with Line 235. Source: SCG's response to Cal Advocates Data Request PubAdv-SCG-011-EIC, Question 001(f).).

SCG defines vacation and sick leave as costs paid by SCG for employees' non-productive time, such as vacation, sick days, and holidays.⁵⁶ However, if the underlying labor is not incremental (as noted in IV. A. above), then the related vacation and sick leave costs also are not incremental.

SCG did not provide evidence that it hired new employees and that it created new positions for the TIMP projects identified in this Application. As noted above, in D.25-06-051, the Commission agreed with Cal Advocates that straight-time labor and overheads such as paid time off were already funded in the GRC revenue requirement and rates previously authorized in the GRC.^{57, 58}

Moreover, both D.23-02-017 and D.25-06-051 requires that procurement of additional resources is necessary to demonstrate incrementality.^{59 60} SCG did not provide evidence that it hired new employees for the TIMP projects identified in this Application. As a result, SCG's recovery request for vacation and sick leave is unverified as it relates to incrementality and is unreasonable.⁶¹ Therefore, the Commission should deny SCG's request for vacation and sick leave in the amount of \$3.271 million since these amounts were already authorized for rate recovery in the previous GRC and are not incremental.

3. Pipeline 235 West, Phase 1

SCG requests \$40.697 million in capital and \$0.023 million in O&M for costs related to Pipeline 235 West, Phase 1 (Line 235) for a total recovery request of \$40.72 million.⁶² The Commission should deny cost recovery for Line 235.

⁵⁶ CA-01 at 18 (SCG's response to Cal Advocates Data Request PubAdv-SCG-002-EIC, Question 004.).

⁵⁷ CA-01 at 18 (D.25-06-051 at 62.).

⁵⁸ CA-01 at 18 (D.25-06-051, Findings of Fact #27, 28, 29, 30, 54, 55, 67, 68, and 69.).

⁵⁹ CA-01 at 18 (D.23-02-017, at 27.).

⁶⁰ CA-01 at 17 (D.25-06-051, at 58 to 62.).

⁶¹ CA-01 at 19 (D.25-06-051, O.P. 1.).

⁶² CA-01 at 19 (SCG's response to Cal Advocates Data Request PubAdv-SCG-005-EIC, Question 004(e).).

In D.19-09-051, the Commission expressed concern about the October 1, 2017 rupture on Line 235 and the numerous leaks that followed.⁶³ At that time, Line 235 remained out of service.⁶⁴ To address these concerns, D.19-09-051 required SCG to “establish a memorandum account within 20 days from the effective date of this decision and ... begin to record all costs related to Line 235.”⁶⁵

SCG subsequently filed Advice Letter (AL) 5531 to establish the Line 235 Memorandum Account (L235MA), which the Commission approved on November 12, 2019, with an effective date of September 25, 2019.⁶⁶ The L235MA consists of two subaccounts: one for the Pipeline Safety Enhancement Plan (PSEP) and another for TIMP/Other Costs.⁶⁷ PSEP costs cover certain natural gas pipeline replacement and pressure testing,⁶⁸ while TIMP costs address transmission pipeline risk reduction through assessments and remediations.⁶⁹

Thus, the PSEP and TIMP have completely different scopes of work. The L235MA preliminary statement clearly requires that TIMP costs be made subject to refund until SCG files a Tier 2 Advice Letter demonstrating clear accounting separations between TIMP and PSEP costs.^{70 71} SCG has confirmed that it had not filed the Advice Letter.⁷²

In addition, SCG stated the PSEP project has not yet started despite the finding in D.19-09-051 requiring SCG to establish L235MA. Nearly six years later, SCG still has

⁶³ CA-01 at 19 (D.19-09-051, Section 17: “Pipeline Safety Enhancement Plan”, at 206 and 207.).

⁶⁴ CA-01 at 19 (D.19-09-051, Findings of Fact #93.).

⁶⁵ CA-01 at 19 (D.19-09-051, O.P. 14.).

⁶⁶ CA-01 at 20 (SCG’s response to Cal Advocates Data Request PubAdv-SCG-005-EIC, Question 004(a)-(b).).

⁶⁷ CA-01 at 20 (Cal P.U.C. Sheet No. 56741-G, *SCG Preliminary Statement for the Line 235 Memorandum Account (L235MA)*, Section 1: “Purpose”; Effective September 26, 2019.).

⁶⁸ CA-01 at 20 (D.19-09-051, Section 17: “Pipeline Safety Enhancement Plan”, at 196.).

⁶⁹ CA-01 at 20 (D.19-09-051, Section 16: “Pipeline Integrity for Transmission and Distribution” at 183.).

⁷⁰ CA-01 at 20 (D.19-09-051, O.P. 13.).

⁷¹ CA-01 at 20 (Cal P.U.C. Sheet No. 56741-G, Section 1: “Disposition”; Effective September 26, 2019.).

⁷² CA-01 at 20 (SCG’s response to Cal Advocates Data Request PubAdv-SCG-005-EIC, Question 003.).

not tracked PSEP costs in the L235MA because the PSEP project itself has not begun.⁷³ Ratepayers should not be asked to provisionally cover \$40.720 million in conditional costs where SCG has failed to comply with the Commission's directive to track and separate both PSEP and TIMP costs for Line 235.

Due to SCG's failure to file the requisite Advice Letter, Cal Advocates cannot confirm or verify the proper accounting separation between PSEP and TIMP costs for Line 235. As a result, these costs are factually unverifiable.⁷⁴ In light of the above, the Commission must deny SCG's cost recovery request in the amount of \$40.72 million for Line 235 West, Phase 1.

4. Vendor# 11900

SCG requests \$0.538 million in capital and \$0.155 million in O&M in contract costs for Vendor #11900 for a total request of \$0.693 million.⁷⁵ The Commission should deny cost recovery for Vendor #11900.

To support its cost recovery request for Vendor #11900, SCG provided two contracts⁷⁶ and twelve contract amendments.^{77 78} The first contract had a scope of work

⁷³ CA-01 at 20 (SCG's statement in Cal Advocates Data Request PubAdv-SCG-013-EIC, Question 001: "SCG has a future PSEP L235 West Section 1 and 2 that is separate and distinct from the TIMP Line 235 West Phase 1 project that is included in this application." SCG's use of the word "future" indicates the project has not yet begun; otherwise, SCG would have described it as "ongoing" or "in-progress.").

⁷⁴ CA-01 at 21 (General Order 96-B, Rule "Use of Advice Letters", Section 5.2: "Matters Appropriate to Tier 2 (Effective After Staff Approval).") URL: https://docs.cpuc.ca.gov/PUBLISHED/GENERAL_ORDER/100177.htm#P847_96397).

⁷⁵ CA-01 at 21 (SCG's response to Cal Advocates Data Request PubAdv-SCG-006-EIC, file *SCG Response_PubAdv-SCG 006-EIC-Q1c_Q1d.xlsx*).

⁷⁶ CA-01 at 21 (SCG's response to Cal Advocates Data Request PubAdv-SCG-006-EIC, folder "SCG Response_PubAdv-SCG-006-EIC-Q1a_Part 3", subfolder "Vendor 8", files *5660049250.Marked.pdf* and *56660049318.Marked.pdf*).

⁷⁷ CA-01 at 22 (SCG stated that it provided all currently available amendments for Vendor #11900 and will forward any additional amendments it locates to Cal Advocates. Source: SCG's response to Cal Advocates Data Request PubAdv-SCG-006-EIC, Question 1.a.).

⁷⁸ CA-01 at 22 (Each of the twelve amendments either changed the dollar amount SCG was authorized to pay Vendor #11900 or modified the expiration date of the original contract between SCG and Vendor #11900. Source: SCG's response to Cal Advocates Data Request PubAdv-SCG-006-EIC, folder "SCG Response_PubAdv-SCG-006-EIC-Q1a_Part 3", subfolder "Vendor 8.").

unrelated to TIMP.⁷⁹ Nonetheless, SCG booked these costs to TIMP instead of the appropriate pipeline account.⁸⁰

In the second contract provided, SCG listed scope of work similar to that in the first contract which is unrelated to TIMP recovery.⁸¹ SCG did not specify the relationship between the two contracts or identify the specific dollar amount attributable to each contract. Without this information Vendor #11900 costs cannot be verified. The Commission must deny SCG's cost recovery request of \$.693 million for Vendor #11900 as it relates to work that is outside the scope of this proceeding and lacks evidentiary support.

B. SCG's revenue requirement associated with the costs presented in the Application and recorded in their TIMPBA are not justified for rate recovery. (Scope 2)

SCG's recovery request for costs associated with Straight Time Labor, Vacation and Sick Leave, Vendor #11900 and Pipeline 235 West, Phase 1, should be denied since SCG has failed to meet its burden of proof as to these recovery requests and which cannot be verified as a revenue requirement.

As noted above, for Straight Time Labor, SCG failed to adequately respond to Cal Advocates two Data Requests and thus did not provide any evidentiary support as to incrementality. Without this information SCG cannot show that these costs are not already reflected in current rates and that the incurred labor costs resulted from newly created positions for TIMP activities.

⁷⁹ CA-01 at 22 (SCG's response to Cal Advocates Data Request PubAdv-SCG-006-EIC, folder "SCG Response_PubAdv-SCG-006-EIC-Q1a_Part 3", subfolder "Vendor 8", file *5660049250.Marked.pdf*, at 1.).

⁸⁰ TIMP costs cover transmission pipeline risk reduction through assessments and remediation. The costs SCG booked to TIMP for Vendor #11900 are out of scope and instead correspond to unrelated natural gas pipeline activities subject to different requirements. See CA-01 at 22 (D.19-09-051, Section 16: "Pipeline Integrity for Transmission and Distribution", at 183.).

⁸¹ CA-01 at 22 (SCG's response to Cal Advocates Data Request PubAdv-SCG-006-EIC, folder "SCG Response_PubAdv-SCG-006-EIC-Q1a_Part 3", subfolder "Vendor 8", file *5660049250.Marked.pdf*, at 1.).

As to SCG's recovery request for Vacation and Sick Leave, D.23-02-017 and D.25-06-051 requires that procurement of additional resources necessary to demonstrate incrementality.^{82 83} SCG did not provide evidence that it hired new employees for the TIMP projects identified in this Application making its recovery request for vacation and sick leave unverified as it relates to incrementality and reasonableness.⁸⁴

As to SCG's recovery request for Pipeline 235 West, Phase 1, due to SCG's failure to file the requisite and required Advice Letters for recovery, Cal Advocates cannot confirm the proper accounting separation between PSEP and TIMP costs for Line 235 making recovery of these costs factually unverifiable and premature since the project has yet to begin.⁸⁵

As to SCG's recovery request for Vendor #11900, SCG did not specify the relationship between the two contracts it provided to Cal Advocates or identify the specific dollar amount applicable to this Application attributable to each contract. Furthermore, SCG was unable to prove that these costs were related to TIMP recovery.

As a result of these out of scope and unverifiable requests, SCG's recovery request for costs associated with Straight Time Labor, Vacation and Sick Leave, Vendor #11900 and Pipeline 235 West, Phase 1, must be denied.

C. SCG's TIMPBA recovery request does not comply with all applicable rules, decisions, statutes, and other requirements, including the tariff (Scope 3).

As noted above, SCG's recovery request for TIMP expenditures related to Straight Time Labor, Vacation and Sick Leave, Vendor #11900 and Pipeline 235 West, Phase 1, are not supported by persuasive evidence as to incrementality, whether recovery is related to authorized TIMP expenditures, and are reasonable. As shown above, the Commissions

⁸² CA-01 at 18 (D.23-02-017, at 27.).

⁸³ CA-01 at 18 (D.25-06-051, at 58 to 62.).

⁸⁴ CA-01 at 17 (D.25-06-051, O.P. 1.).

⁸⁵ CA-01 at 21 (General Order 96-B, Rule "Use of Advice Letters", Section 5.2: "Matters Appropriate to Tier 2 (Effective After Staff Approval)." URL: https://docs.cpuc.ca.gov/PUBLISHED/GENERAL_ORDER/100177.htm#P847_96397).

directives which requires SCG to provide reasonable evidence showing these recovery request are within the scope of the proceeding and are incremental. (See D.12-01-032, D.22-06-032, D.19-09-051 D.23-02-017, D.25-06-051 and Pub Util Code sections 451, 454 and 463(b) as referenced above in Section III/Evidentiary Standards and Burden of Proof.

D. SCG's TIMPBA recovery request is not incremental to the cost recovery requested and approved in AL 6060-G and approved in Resolution G-3600 (Scope 4).

SCG's TIMP recovery request related to Straight Time Labor, Vacation and Sick Leave, Vendor #11900 and Pipeline 235 West, Phase 1, must be incremental, and any recovery needs to be for work that is beyond what was authorized previously by the GRC and Resolution G-3600 (issued pursuant to Tier 3 Advice Letter 6060-G). In this proceeding and as stated above, SCG's recovery request as to Straight Time Labor, Vacation and Sick Leave, Vendor #11900 and Pipeline 235 West, Phase 1, is not incremental work beyond what was approved by the Commission in Resolution G-3600 and the applicable GRC decision D.19-09-051.

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

Cal Advocates did not discuss cost allocation in its testimony (CA-01) and took no position on this issue. The Settlement Agreement in D.24-07-009 addresses Sempra's (SCG/SDG&E) Cost Allocation Proceeding in Application (A.) 22-09-015. The Settlement Agreement addresses the rate changes resulting from the agreement and the adopted revenue requirement from the Sempra GRC proceeding A.22-05-015/016, which is ongoing. D.24-07-009 remains in effect until the Commission implements a final decision in the current Cost Allocation Proceeding, A.25-09-014, which is also ongoing.⁸⁶

⁸⁶ D.24-07-009 (Attachment A) at 2-3.

V. CONCLUSION

SCG failed to reasonably verify its request for recovery for Straight Time Labor in the amount of \$34.328 million, for Vacation and Sick Leave in the amount of \$3.271 million, Pipeline 235 West, Phase 1 in the amount of \$40.72 million and for Vendor# 11900 in the amount of \$0.693 million. Based on this lack of evidentiary support, SCG has not met its burden to show that much of its Timpba recovery request is just and reasonable. As a result of this failure, Cal Advocates recommends the reduction of SCG's request for Timpba cost recovery in the amount of \$79.013 million in this proceeding.

Respectfully submitted,

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