

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 Distribution Integrity  
Management Program Balancing Account  
from January 1, 2019 to December 31, 2023.

Application 25-08-008

**OPENING BRIEF OF THE PUBLIC ADVOCATES OFFICE**

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## **SUMMARY OF RECOMMENDATIONS**

1. The Commission should deny SCG's \$30.753 million straight-time labor cost recovery request.
2. The Commission should deny SCG's \$5.147 million vacation and sick leave cost recovery request.
3. The Commission should deny SCG's \$67.198 million Vintage Integrity Plastic Plan cost recovery request.
4. The Commission should deny SCG's \$11.838 million Sewer Lateral Inspection Program cost recovery request.
5. SCG Revenue Requirement: For the average residential bundled Non-California Alternate Rates for Energy (Non-CARE) customer using 36 therms per month, the Commission should adopt bill increases of \$0.20 or 0.27% to \$73.59 per month.
6. SDG&E Revenue Requirement: For the average residential bundled Non-CARE customer using 24 therms per month, the Commission should adopt bill increases by \$0.02 or 0.03% to \$65.64 per month.

## 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 this opening brief in Southern California Gas Company's (SCG) application. SCG seeks to recover costs recorded in its Distribution Integrity Management Program Balancing Account (DIMPBA) pursuant to Public Utilities Code Section 969,<sup>1</sup> and Decision (D.) 19-09-051 (issued in SCG's Test Year (TY) 2019 General Rate Case (GRC))<sup>2</sup>, and Resolution G-3610.<sup>3</sup>

As shown below, SCG seeks authorization to recover the balance of costs in the DIMPBA many of which have already been funded from GRC revenues and were previously authorized for recovery under Resolution G-3610.<sup>4</sup> SCG may request cost recovery through a separate application for revenue requirement resulting from actual expenditures which exceed 135% of the GRC-authorized Operations and Maintenance (O&M) and capital expenditures.<sup>5</sup>

## II. BACKGROUND

The Pipeline Integrity, Protection, Enforcement and Safety (PIPES) Act of 2006,<sup>6</sup> established the Distribution Integrity Management Program (DIMP) to set minimum

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<sup>1</sup> Exhibit (Ex.) SCG-01: DIMP Policy, Regulations, and Implementation, Prepared Direct Testimony of Travis Sera (SCG-01), page (p.) 5. URL for Public Utilities Code 969: [https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=969&lawCode=PUC](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=969&lawCode=PUC).

<sup>2</sup> California P.U.C. Sheet No. 56838-G, *SCG Preliminary Statement for the Distribution Integrity Management Program (DIMPBA)*, Section 1: "Purpose"; Effective January 1, 2020.

<sup>3</sup> Energy Division Resolution G-3610, *Southern California Gas Company's Request for Recovery of the Distribution Integrity Management Program Balancing Account Balance for January 1, 2019, to July 31, 2023*; Effective July 24, 2025.

<sup>4</sup> Application, p. 1 and Footnote 2.

<sup>5</sup> Application, p. 3 and 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 301.

<sup>6</sup> Energy Division Resolution G-3610, *Southern California Gas Company's Request for Recovery of the Distribution Integrity Management Program Balancing Account (DIMPBA) for January 1, 2019, to July 31, 2023*; p. 2, Section "Background".

federal safety standards for gas pipeline transportation.<sup>7</sup> DIMP identifies and implements measures to mitigate risk through target activities, programs, and projects.<sup>8</sup> SCG’s DIMPBA is a balancing account that records the difference between SCG’s total (actual) spending and SCG’s General Rate Case (GRC)-authorized spending for activities associated with DIMP.<sup>9</sup> The balancing account includes direct costs, such as company labor (inclusive of vacation and sick leave)<sup>10</sup>, vehicle utilization, contract costs,<sup>11</sup> materials,<sup>12 13</sup> and other direct charges (e.g., permits and government fees).<sup>14</sup>

Indirect costs, such as overheads, funds used during construction for capital projects (AFUDC), and property taxes, are not included in SCG’s requested recovery amount as part of this proceeding because indirect costs are not included in the DIMPBA.

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<sup>7</sup> 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>.

<sup>8</sup> Decision (D.)19-09-051, Findings of Fact 78.

<sup>9</sup> California P.U.C. Sheet No. 56838-G, *SCG Preliminary Statement for the Distribution Integrity Management Program (DIMPBA)*, Section 1: “Purpose”; Effective January 1, 2020.

<sup>10</sup> Cal Advocates Testimony CA– 01- Chow (CA-01), p. 11 (February 13, 2026) - Vacation and sick leave represent non-productive labor costs including vacation, sick, and holiday time. Source: SCG’s response to Cal Advocates Data Request PubAdv-SCG-005-EIC, Question 009.

<sup>11</sup> CA-01, p. 12 - “Contract costs” are costs for external labor. Some examples of contract costs include contractors and vendors. Source: SCG’s response to Cal Advocates Data Request PubAdv-SCG-001-EIC, Question 3.

<sup>12</sup> CA-01, p. 12 - “Materials” comprise of costs of materials purchased by SCG to complete projects, such as valves and fittings. Source: Workpapers Supporting Exhibit SCG-02, Prepared Direct Testimony of Mark Forster and Shaena Walker (SCG-02-WP), p. 12.

<sup>13</sup> CA-01, p. 12 - SCG classified costs to move pre-purchased materials as “incremental.” However, such costs do not reflect the procurement of additional materials or resources and are inconsistent with the Commission’s definition of incremental costs, as explained in 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*; p. 27.

Cal Advocates attempted to obtain the specific dollar amounts associated with costs to move pre-purchased materials through a data request, but SCG reinterpreted Cal Advocates’ question asking about “physical relocation of materials” to “reallocation of materials” and objected to Cal Advocates’ question. Because these costs appear insignificant relative to SCG’s total cost recovery request, Cal Advocates is not recommending a separate adjustment for costs to move pre-purchased materials but notes this for the Commission’s consideration.

Sources: SCG’s response to Cal Advocates Data Request PubAdv-SCG-001-EIC, Question 014 and SCG’s response to Cal Advocates Data Request PubAdv-SCG-010-EIC, Question 001.

<sup>14</sup> SCG’s response to Cal Advocates Data Request PubAdv-SCG-001-EIC, Question 8.

Such indirect costs are accounted for in a separate regulatory account mechanism, such as the GRC.<sup>15</sup> Construction work in progress (CWIP) costs, which consist of projects under construction or development until completion and placement into rate base (used and useful), are also not included in the DIMPBA and are not part of SCG's cost recovery request in this Application.<sup>16</sup>

SCG requests \$159.702 million in capital and \$46.930 million in O&M expenses, totaling \$206.632 million from February 1, 2023, to December 31, 2023.<sup>17</sup> These costs are 135% above the GRC-authorized expenditures.<sup>18</sup> Costs between 100% and 135% of the GRC-authorized expenditures were previously authorized for recovery via SCG Advice Letter AL 6624-G and Resolution G-3610.<sup>19</sup> DIMPBA costs greater than the 135% threshold, in this case \$59.1 million,<sup>20</sup> are subject to a separate application process for recovery and which are not already funded from GRC revenues and not previously authorized for recovery under Resolution G-3610.<sup>21</sup> Cal Advocates' corresponding recommendation is \$91.696 million, which is \$114.936 million lower than SCG's request. The Commission should authorize capital costs of \$71.751 million, which is \$87.951 million lower than SCG's request of \$159.702 million. The Commission should authorize O&M costs of \$19.945 million, which is \$26.985 million lower than SCG's

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<sup>15</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-001-EIC, Question 8.

<sup>16</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-001-EIC, Question 8.

<sup>17</sup> CA-01, pp. 2, 10 - SCG's Application did not include testimony and workpapers identifying the O&M and capital costs associated with its requested revenue requirement. SCG provided the information in response to Cal Advocates' discovery requests. Sources: SCG's response to Cal Advocates Data Request PubAdv-SCG-001-EIC, Question 002 and SCG's response to Cal Advocates Data Request PubAdv-SCG-012-MPS, attachment *SoCalGas Response\_PubAdv-SCG-012-MPS\_Attachment 1.xlsx*, tab "PVT - Summary.

<sup>18</sup> Ex. SCG-03: Balancing Account and Revenue Requirement, Prepared Testimony of Rae Marie Yu (SCG-03), p. 5, Table RMY-1: "Distribution Integrity Management Program – Actual v. Authorized DIMPBA Calculation (Revenue Requirement, \$000)" and Ex. SCG-01: DIMP Policy, Regulations, and Implementation, Prepared Direct Testimony of Travis Sera (SCG-01), p. 5.

<sup>19</sup> Ex. SCG-01, p. 5.

<sup>20</sup> D.19-09-051, *Decision Addressing the Test Year 2019 General Rate Cases of San Diego Gas & Electric Company and Southern California Gas Company*; p. 694.

<sup>21</sup> Application, p. 1 and Footnote 2.

request of \$46.930 million.

Table 1-1 below summarizes SCG’s request and Cal Advocates’ recommendation for DIMP O&M and capital costs.<sup>22</sup>

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

<b>Category</b>	<b>SCG Proposed</b>	<b>Cal Advocates Recommended</b>	<b>SCG &gt; Cal Advocates</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d = b - c)</b>
Capital Costs	\$159,702	\$71,751	\$87,951
O&M Costs	\$46,930	\$19,945	\$26,985
<b>SCG Total</b>	<b>\$206,632</b>	<b>\$91,696</b>	<b>\$114,936</b>

Source: SCG’s response to Cal Advocates Data Request PubAdv-SCG-001-EIC, Question 002 and SCG’s response to Cal Advocates Data Request PubAdv-SCG-012-MPS, attachment *SoCalGasResponse\_PubAdv-SCG-012-MPS\_Attachment 1.xlsx*, tab “PVT - Summary”, column “Additions”.

### III. PROCEDURAL BACKGROUND

On August 15, 2025, SCG filed A.25-08-008 to recover costs recorded in its Distribution Integrity Management Balancing Account (DIMPBA).<sup>23</sup> On September 26, 2025, Cal Advocates filed a timely protest. On October 6, 2025, SCG filed a reply to Cal Advocates’ protest. On October 22, 2025, the Commission held a virtual prehearing conference (PHC). The Assigned Commissioner’s Scoping Memo and Ruling (Scoping Memo) was issued on November 20, 2025. On February 13, 2026, Cal Advocates served opening testimony. On March 16, 2026, SCG served rebuttal testimony. On March 17, 2026, ALJ Gerstle issued a Ruling directing Cal Advocates and parties to serve supplemental testimony, and modifying the remaining schedule of the proceeding. On April 17, 2026, Cal Advocates served its Supplemental Testimony designated as CA-03 (Chow) and CA-04 (Sierra).<sup>24</sup>

On August 15, 2025, SCG filed a separate Motion for Interim Rate Relief

<sup>22</sup> CA-01, p. 2.

<sup>23</sup> Application, p. 1.

<sup>24</sup> Please note that CA-04 was served with pagination errors. The designations of pp. 1-4 is correct while the following 12 pages are misnumbered in the sixteen pages of total testimony. References to pages in CA-04 in this document refer to pp. 5-16 following p. 4.

(Motion) which requested interim rate relief of \$50.2 million<sup>25</sup>, or 85 percent of SCG’s \$59.1 million revenue requirement recorded in the DIMPBA, over 12 months.<sup>26</sup> SCG proposed to collect interim rate recovery monthly from customers beginning January 1, 2026, or as soon as practicable following a decision on SCG’s Motion.<sup>27</sup> On October 6, 2025,<sup>28</sup> Cal Advocates filed a response in opposition to SCG’s interim rate recovery request.<sup>29</sup> On October 16, 2025, SCG filed its reply.

On February 6, 2026, the Commission issued D.26-02-006, authorizing SCG to recover a maximum of \$35.5 million (60% of SCG’s total request of \$59.1 million<sup>30</sup>) in interim rates over 12 months.<sup>31</sup> SCG is required to refund, with interest, any excess amount it collects in comparison to the Commission’s final determination on the amount reasonably incurred.<sup>32</sup>

#### **IV. 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.”<sup>33</sup>

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

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<sup>25</sup> *Motion of Southern California Gas Company for Interim Rate Recovery of Costs Recorded in the DIMPBA* (Motion), p. 7 and Footnote 25.

<sup>26</sup> Motion, p. 1.

<sup>27</sup> Motion, p. 7.

<sup>28</sup> CA-01, p. 4 - On September 5, 2025, Cal Advocates emailed Administrative Law Judge (ALJ) Brandon Gerstle and the service list. Cal Advocates’ email requested procedural clarification regarding the deadline to file responses to SCG’s Motion for Interim Rate Relief because this Application first appeared on the Commission’s calendar on August 27, 2025. On September 5, 2025, SCG objected via email. On September 16, 2025, ALJ Gerstle issued an email ruling setting an October 6, 2025, deadline for parties to file and serve responses to SCG’s Motion. On October 6, 2025, Cal Advocates filed and served a timely response to SCG’s Motion.

<sup>29</sup> *Public Advocates Office Response to the Motion of Southern California Gas Company for Interim Rate Recovery of Costs Recorded in the DIMPBA* (Motion Response), p. 1 (October 6, 2025).

<sup>30</sup> D.26-02-006, *Decision Granting Interim Rate Recovery for Southern California Gas Company’s Distribution Integrity Management Program*; p. 1.

<sup>31</sup> D.26-02-006, Ordering Paragraph (O.P.) 1.

<sup>32</sup> D.26-02-006, O.P. 2.

<sup>33</sup> Public Utilities Code (Pub. Util. Code) section 451.

showing before the commission and a finding by the commission that the new rate is justified.”<sup>34</sup> Thus, applicant utilities bear the burden of proof in ratemaking proceedings such as this one.

The Commission uses the prudent manager standard to evaluate whether SCG’s requested costs are just and reasonable.<sup>35</sup> 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.<sup>36</sup>

SCG must provide legally persuasive evidence to support its request. In D.19-09-051 (Decision on Sempra’s General Rate Case), the Commission stated that SCG must adequately explain and substantiate the DIMPBA spending incurred.<sup>37</sup>

The Commission requires that a utility’s costs not only be prudently incurred, but also verifiable for reasonableness before SCG can recover the costs. In D.12-01-032, the Commission stated:<sup>38</sup>

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

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<sup>34</sup> Pub. Util. Code section 454.

<sup>35</sup> 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.

<sup>36</sup> D.22-06-032, p. 8.

<sup>37</sup> D.19-09-051, pp. 694 - 695.

<sup>38</sup> D.12-01-032, *Decision Adopting Regulations to Reduce Fire Hazards Associated With Overhead Power Lines and Communication Facilities*, p. 151.

reasonableness of costs, recovery will be permitted.

Regarding situations where a utility fails to maintain or provide detailed records for the Commission's review to determine reasonableness and prudence of costs, it fails to carry its burden of proof. As Public Utilities Code Section 463(b) states:<sup>39</sup>

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.

Without sufficient records the Commission is unable to evaluate recovery requests and those requests should be denied.

## V. DISCUSSION

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

#### 1. **Straight-Time Labor Costs**

SCG requests \$17.186 million in capital and \$13.567 million for straight-time labor, totaling \$30.753 million.<sup>40</sup> The Commission should deny this request for two reasons.<sup>41</sup>

First, SCG defines company labor as SCG employees' internal labor costs.<sup>42</sup> Labor costs for SCG employees are already authorized in the GRC to be recovered in rates.<sup>43</sup> SCG must demonstrate that it has created new positions specifically for the

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<sup>39</sup> Pub. Util. Code section 463(b).

<sup>40</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-009-EIC, Question 001(b).

<sup>41</sup> CA-01, pp. 15-20.

<sup>42</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-005-EIC, Question 009.

<sup>43</sup> D.16-06-054, *Decision Addressing the Test Year (TY) 2016 GRCs for SDG&E and SCG*; D.19-09-051, *Decision Addressing the Test Year 2019 General Rate Cases of San Diego Gas & Electric Company and Southern California Gas Company*; and D.21-05-003, *Decision Addressing the Petition for Modification of Post TY Mechanisms for SDG&E and SCG*.

activities in this Application. The Commission has found that new activities are not automatically incremental. Specifically, in D.23-02-017 with regard to incrementality, the Commission stated:

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.”<sup>44</sup>

SCG failed to provide adequate and verifiable support to that its recovery request is incremental. SCG failed to demonstrate that it created new positions. Instead, SCG redirected its employees, whose labor costs are already included in rates, to perform DIMP work activities associated with the costs requested for recovery in this Application.<sup>45</sup>

SCG acknowledged that the majority of employees hired from 2019 to 2023 (311 out of 386 employees) are backfills,<sup>46</sup> employees hired to replace existing staff who retired, transferred, or vacated positions. Backfills are not incremental because they maintain staffing at GRC-authorized levels (personnel headcount remains unchanged).<sup>47</sup>

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<sup>44</sup> 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*; p. 27.

<sup>45</sup> Rather than provide verifiable and traceable documentation to justify its request for straight-time labor costs at the requested level. In its response, SCG provided a list of 386 employees hired from 2019 to 2023 who billed time to DIMP, of which SCG identified 44 as “DIMP-dedicated” employees. All employees’ hiring dates spanned a 5-year period. See SCG response to Cal Advocates Data Request PubAdv-SCG-001-EIC, Question 003, attachment *SCG\_Response\_PubAdv-SCG 001-EIC-Q3 Attachment.xlsx*.

<sup>46</sup> SCG’s response to Cal Advocates Data Request PubAdv-SCG-003-EIC, Question 002(a).

<sup>47</sup> CA-01, p. 17 - Incremental costs, as defined by the Commission in D.23-02-017, refer to costs incurred by a utility beyond those already authorized in rates and intended to prevent double recovery of the same costs. In D.23-02-017, the Commission stated the completion of new or accelerated activities does not, by itself, establish incrementality, and that redirecting existing resources does not qualify as an incremental cost absent evidence that the utility procured additional resources. Accordingly, simply reallocating existing employees to accelerated activities is not incremental. The Commission should deny SCG’s cost recovery request for straight-time labor and vacation and sick leave.

<sup>48</sup> SCG's data further shows that only 23 out of the 386 employees were hired in 2023 and only 3 belong to teams exclusively performing DIMP activities.<sup>49</sup>

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. SCG failed to provide supporting documentation justifying and demonstrating that it hired new employees to fill new positions SCG created exclusively for DIMP. Nor did SCG did provide supporting documentation to show how hours and costs were allocated between DIMP projects and other projects<sup>50</sup> or demonstrate that the DIMP costs requested in this application were not overstated or double counted. Thus, SCG failed to provide supporting documentation demonstrating straight-time labor costs requested are incremental, reasonable and appropriate for recovery.

Second, even if SCG's cost were incremental, which they are not, the Commission the Commission can and should disallow these costs based on reasonableness. In D.25-06-051 the Commission states:

The finding that costs are "incremental" in this proceeding does not limit the ability of the Commission to further review and even disallow these costs based on reasonableness.<sup>51</sup>

In D.25-06-051, the Commission went on to agree with Cal Advocates' position that 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

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<sup>48</sup> CA-01, p. 17 - SCG identified 311 employees as those that backfilled existing vacant positions. This is the majority of the 386 employees SCG is claiming comprise incremental labor costs. SCG identified the total expenditures of backfilled employees that contributed to the revenue requirement requested in this Application as \$2.640 million for capital and \$2.123 for O&M. Source: SCG's response to Cal Advocates' Data Request PubAdv-SCG-003-EIC, Question 002.

<sup>49</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-001-EIC, Question 003, attachment *SoCalGas Response\_PubAdv-SCG-001-EIC Q3 Attachment.xlsx*.

<sup>50</sup> As listed in D.25-06-051, *Decision Granting, In Part, Request by Southern California Edison Company for 2022 Wildfire Mitigation and Vegetation Management Costs*; pp. 40-42.

<sup>51</sup> D.25-06-051, Conclusions of Law #37.

establish whether the request was reflected in the past GRC's revenue requirement.<sup>52</sup> D.25-06-051 also found 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.<sup>53</sup>

SCG's Application suffers the same infirmities. Specifically, while SCG states that its cost recovery request is associated with accelerating and enhancing existing PAARs like VIPP,<sup>54</sup> rather than new hires or positions, SCG fails to demonstrate that this acceleration created incremental labor costs beyond labor costs already authorized and reflected in rates. Again, SCG simply redirected its existing internal resources.

The Commission should deny SCG's \$30.753 million straight-time labor cost recovery request. SCG did not provide supporting evidence that it created new positions for the DIMP projects identified in this Application. As was the case in D.25-06-051, here the Commission should reduce SCE's cost recovery to reflect only those costs that were substantiated shown to be reasonable.<sup>55 56</sup>

## **2. Vacation and Sick Leave (V&S)**

SCG requests \$3.088 million in capital and \$2.059 million in O&M for vacation and sick leave (V&S) for a total recovery request of \$5.147 million.<sup>57</sup> The Commission should deny cost recovery for V&S.<sup>58</sup>

SCG defines V&S as costs paid by SCG for employees' non-productive time, such as vacation, sick days, and holidays.<sup>59</sup> V&S are overheads calculated at about 18% and

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<sup>52</sup> D.25-06-051, Findings of Fact #14, 26, 27, 30, 54, 55, 67, and 69.

<sup>53</sup> D.25-06-051, pp. 58 to 62.

<sup>54</sup> Application, p. 3.

<sup>55</sup> D.25-06-051, p. 61.

<sup>56</sup> D.25-06-051, O.P. 1.

<sup>57</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-006-EIC, Question 001.

<sup>58</sup> CA-01, pp. 20-22.

<sup>59</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-005-EIC, Question 009.

15% of straight-time labor for capital and O&M, respectively.<sup>60</sup> Employee base-pay or hours worked generally drive V&S. If the underlying labor is not incremental, then the related V&S costs also must not be incremental, as referenced in D.23-02-017 and D.25-06-051 and stated above.

SCG did not provide evidence that it hired new employees for these DIMP projects and failed to demonstrate that its cost recovery request for V&S are incremental and reasonable.<sup>61</sup> Since V&S was already authorized for rate recovery in the previous GRC, the Commission should deny SCG's \$5.147 million V&S cost recovery request.

### **3. Vintage Integrity Plastic Plan (VIPP)**

SCG requests \$94.667 million in capital costs related to the Vintage Integrity Plastic Plan (VIPP) Programs/Projects to Address Risk (PAAR).<sup>62</sup> The Commission should deny cost recovery for VIPP PAAR costs incurred to replace certain pipelines installed after 1972.<sup>63</sup>

SCG failed to demonstrate that post-1972 Aldyl A pipelines exhibit risk characteristics or failure rates comparable to pre-1973 pipe. This inconsistency violates D.19-09-051's requirement that SCG prioritize VIPP costs based on risk balanced with affordability.<sup>64</sup> Furthermore, manufacturer warnings and industry evidence apply only to pre-1973 pipes, yet SCG expanded replacement to post-1972 pipes without adequate justification. Post-1972 Aldyl A pipe is a reformulated, higher-density resin with improved resistance to cracking and does not present the same failure risk or urgency.<sup>65</sup>

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<sup>60</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-009-EIC, Question 003.

<sup>61</sup> D.25-06-051, O.P. 1.

<sup>62</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-011-EIC, Question 1.

<sup>63</sup> CA-01, pp. 22-27.

<sup>64</sup> D.19-09-051, pp. 192, 196 and Finding Of Fact (FOF) #82.

<sup>65</sup> CA-01, pp. 23-24.

The VIPP PAAR replaces pipelines<sup>66</sup> made of pre-1986<sup>67</sup> polyethylene plastic (Aldyl A)<sup>68</sup> solely from the pipeline manufacturer DuPont and its Alathon 5040, 5043, 5046 brands.<sup>69 70</sup>

The earliest 1965 resin, Alathon 5040, is associated with a Low Ductile Inner Wall (LDIW) manufacturing condition,<sup>71</sup> resulting in brittleness and increased susceptibility to cracking.<sup>72</sup> In 1972, DuPont introduced Alathon 5043,<sup>73</sup> a reformulated, higher density<sup>74</sup> resin with improved resistance to cracking that eliminated LDIW conditions.<sup>75</sup> In 1983, DuPont introduced Alathon 5046-C, which further improved Aldyl A’s long-term performance and which Dupont marketed as “Improved Aldyl A.”<sup>76</sup>

In its TY 2019 GRC Application (A.) 17-10-008, SCG proposed three tiers of the VIPP PAAR consisting of: i) monitoring leaks, ii) pipe replacement for pre-1973 pipes and iii) pipe replacement for post-1972 pipes.<sup>77</sup>

Cal Advocates does not oppose the first<sup>78</sup> and second tiers of the VIPP. The final

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<sup>66</sup> CA-01, p. 23- SCG objected to Cal Advocates’ data request asking SCG to identify any peer-reviewed or manufacturer documentation that supports or refutes the findings from the CPUC staff report and the Avista Corporation report. SCG provided a limited response with only general sources. Source: SCG’s response to Cal Advocates Data Request PubAdv-SCG-009-EIC, Question 007.

<sup>67</sup> SCG’s response to Cal Advocates Data Request PubAdv-SCG-005-EIC, Question 006(a).

<sup>68</sup> Ex. SCG-02, p. 3.

<sup>69</sup> SCG’s response to Cal Advocates Data Request PubAdv-SCG-008-EIC, Question 007.

<sup>70</sup> CA-01, p. 23 - “Alathon” is a registered trademark DuPont proprietary polymer resin. Source: California Aldyl A Pipeline Report and Analysis, p. 5, URL: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-policy-division/reports/ra-doc-10-aldyla.pdf>

<sup>71</sup> California Aldyl A Pipeline Report and Analysis, Section: “Vintage: 1970 - 1983”, p. 6.

<sup>72</sup> Avista Utilities Aldyl A Pipe Protocol, pp. 5 and 7. Source: <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=1724&year=2020&docketNumber=200900>

<sup>73</sup> Avista Utilities Aldyl A Pipe Protocol, Section “The Phenomenon of ‘Low Ductile Inner Wall’”, p. 5.

<sup>74</sup> California Aldyl A Pipeline Report and Analysis, Section: “Vintage: 1970 - 1983”, p. 6.

<sup>75</sup> Avista Utilities Aldyl A Pipe Protocol, Sections “DuPont Introduces Natural Gas Polyethylene Pipe – 1965” and “The Phenomenon of ‘Low Ductile Inner Wall’”, p. 5.

<sup>76</sup> Avista Utilities Aldyl A Pipe Protocol, Section “DuPont Introduces Natural Gas Polyethylene Pipe – 1965”, p. 6.

<sup>77</sup> A.17-10-008, Ex. SCG-14: Pipeline Integrity for Transmission and Distribution, Prepared Direct Testimony of Maria T. Martinez (SCG-14), pp. 24 - 25.

<sup>78</sup> CA-01, p. 24 - SCG did not identify costs associated with the first tier of VIPP in this Application.

tier, which consists of replacing post-1972 pipelines, accounts for the majority of VIPP PAAR costs requested in this Application.<sup>79</sup> The Commission should deny SCG's cost recovery request for the final tier of the VIPP. SCG failed to demonstrate that post-1972 Aldyl A pipelines exhibit risk characteristics or failure rates comparable to pre-1973 pipe, which is inconsistent with D.19-09-051's requirement that SCG prioritize VIPP costs based on risk and balanced with affordability.<sup>80</sup> Furthermore, manufacturer warnings<sup>81</sup> and industry evidence<sup>82 83</sup> apply only to pre-1973 pipes, yet SCG expanded replacement to post-1972 pipes without evidence or adequate justification, contrary to the Commission's requirement in D.19-09-051 to prioritize VIPP costs based on risk and balanced with affordability.<sup>84</sup> Post-1972 Aldyl A pipe is a reformulated, higher density<sup>85</sup> resin with improved resistance to cracking and does not present the same failure risk or urgency.<sup>86</sup>

Manufacturer documentation, which SCG cites in its testimony,<sup>87</sup> confirms a clear risk boundary and directly contradicts SCG's grouping of Aldyl A pipelines into one final tier category of the VIPP PAAR. In 1982 and 1986, DuPont sent warning letters regarding pre-1973 LDIW Aldyl A pipe.<sup>88</sup> In 1982, DuPont reported cracking in only pre-1973 pipe and stated there were no reported leaks due to cracking in post-1972 pipe.

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When Cal Advocates asked SCG for directions on calculating per mileage replacement cost for the 91 pipeline miles replaced under VIPP, SCG directed Cal Advocates to divide the total VIPP PAAR capital request of \$94.667 million by 91 miles for the per mile cost. Source: SCG's response to Cal Advocates Data Request PubAdv-SCG-008-EIC, Question 010(b).

<sup>79</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-008-EIC, Question 010(b).

<sup>80</sup> D.19-09-051, Findings of Fact 82.

<sup>81</sup> SCG's response to Cal Advocates Data Request 005, PubAdv-SCG-005-EIC, Question 006(c).

<sup>82</sup> Ex. SCG-01, p. 13.

<sup>83</sup> Avista Utilities Aldyl A Pipe Protocol, pp. 5 and 7.

<sup>84</sup> D.19-09-051, Findings of Fact 82.

<sup>85</sup> California Aldyl A Pipeline Report and Analysis, Section: "Vintage: 1970 - 1983", p. 6.

<sup>86</sup> Avista Utilities Aldyl A Pipe Protocol, Sections "DuPont Introduces Natural Gas Polyethylene Pipe – 1965" and "The Phenomenon of 'Low Ductile Inner Wall'", p. 5.

<sup>87</sup> Ex. SCG-01, pp. 13 - 16.

<sup>88</sup> California Aldyl A Pipeline Report and Analysis, Summary of Findings 10.

DuPont recommended more frequent leak detection surveys for pre-1973 pipe.<sup>89</sup> In 1986, DuPont confirmed following new research studies (including laboratory results and field experience) that post-1972 pipes have a higher resistance to failure and improved long-term performance, with pre-1973 pipe having a shorter service life.<sup>90</sup>

SCG's own statements confirm there is a risk boundary between pre-1973 pipes and post-1972 pipes. SCG acknowledged LDIW-susceptible pipe is limited to pre-1973 installations and that post-1972 pipes do not have LDIW conditions.<sup>91</sup> Inexplicably, SCG simultaneously claimed both Alathon 5040 and 5043 exhibit low resistance to slow crack growth and grouped them together into a single category of pipe with low resistance to slow crack growth.<sup>92</sup> In doing so, SCG misquoted Table 1<sup>93</sup> of the engineering report it relied upon, which identifies Alathon 5043 as having medium, not low, resistance to slow crack growth.<sup>94</sup>

Furthermore, VIPP expenditures are not incremental pursuant to D.23-02-017<sup>95</sup> and D.25-06-051, both underscoring the need for supporting evidence to verify that any recovery request is incremental.<sup>96</sup> Incremental costs typically refer to new work and activities,<sup>97</sup> not replacing pipeline that should not have been replaced.

Pursuant to D.19-09-051, SCG must balance VIPP costs against safety risks and

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<sup>89</sup> E.I. Du Pont De Nemours and Company Incorporated (DuPont), Letter from Don F. Zerbe, Jr., of the Aldyl Piping Systems Polymer Products Department, Letter Dated December 17, 1982 (1982 DuPont Letter).

<sup>90</sup> DuPont Letter from E.J. Roddy of the Specialty Products and Services Division, Letter Dated August 25, 1986 (1986 DuPont Letter).

<sup>91</sup> SCG's statement in response to Cal Advocates Data Request PubAdv-SCG-008-EIC, Question 10: "Pipelines that may have the Low Ductile Inner Wall (LDIW) manufacturing condition are identified by installation years of 1972 or earlier. SoCalGas categorizes these pipes as Pre-1973. SoCalGas categorizes the remaining Aldyl A pipe with Alathon 5043 resin as Post-1972."

<sup>92</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-008-EIC, Question 10.

<sup>93</sup> California Aldyl A Pipeline Report and Analysis, Table 1: "Different Vintages and Resins of Aldyl A."

<sup>94</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-008-EIC, Question 10.

<sup>95</sup> D.23-02-017, p. 27.

<sup>96</sup> D.25-06-051, pp. 58 to 62.

<sup>97</sup> D.23-02-017, p. 27.

affordability.<sup>98</sup> SCG failed to confirm that ratepayers are not paying twice for the same utility infrastructure for a substantively identical incrementality question for another PAAR<sup>99</sup> requested in this Application: first for the original pipeline installation, and again for the PAAR activities addressing the original pipeline installation.

SCG also failed to show that replacing post-1972 pipe is a reasonable or a risk-informed use of ratepayer funds. SCG requests 75 miles<sup>100</sup> of post-1972 pipe and 16 miles of pre-1973 pipe, totaling 91 miles.<sup>101</sup> To calculate its recommended adjustment, Cal Advocates calculated per-mile cost and multiplied the per-mile cost by 75 miles of the unproven and unreasonable post-1972 pipes to equal \$67.198 million.

The Commission should deny SCG's recovery request for \$67.198 million in VIPP PAAR costs as SCG failed to show how replacing post-1972 pipe that did not exhibit the LDIW weakness is just and reasonable.

#### **4. Sewer Lateral Inspection Program (SLIP)**

SCG requests \$0.479 million in capital and \$11.359 million in O&M for Sewer Lateral Inspection Program (SLIP) PAAR costs for a total cost recovery of \$11.838 million.<sup>102</sup> The Commission should deny cost recovery for the SLIP PAAR.<sup>103</sup>

The SLIP PAAR investigates, evaluates, and remediates cross bores, which are created during gas pipeline installation<sup>104</sup> when SCG improperly installs a gas pipeline,

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<sup>98</sup> D.19-09-051, Findings of Fact 82.

<sup>99</sup> For further discussion on this PAAR, see Part 2, Section IV.E: "Sewer Lateral Inspection Program (SLIP)".

<sup>100</sup> CA-01, p. 27, mistakenly says 72 miles rather than the correct figure of 75 miles of post 1972 pipe.

<sup>101</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-008-EIC, Question 010(b).

<sup>102</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-005-EIC, Question 005(g), attachment *SoCalGas Response\_PubAdv-SCG 005-EIC-Q5.g Attachment.xlsx*.

<sup>103</sup> CA-01, pp. 27-31.

<sup>104</sup> CA-01, p. 28 - Cross bores are created during pipeline installation and are not created during pipeline maintenance. Source: SCG's response to Cal Advocates Data Request PubAdv-SCG-009-EIC, Question 009(c).

drilling directly through an existing sewer lateral.<sup>105 106</sup>

According to an industry analysis conducted by representatives from the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) and the National Association of Pipeline Safety Representatives (NAPSR), cross bores have been a known hazard since 1972.<sup>107</sup> SCG did not dispute that cross bores have been recognized as a hazard for decades and acknowledged the report describes cross bores as a longstanding issue.<sup>108</sup>

Despite this admission, SCG asserts that cross bores were “unknown issues” at the time of installation.<sup>109</sup> SCG’s claim directly contradicts the PHMSA and NAPSR analysis, which recognizes cross bores as a longstanding safety hazard requiring proactive mitigation and outlines cross bore mitigation practices.<sup>110 111</sup> Although SCG acknowledges that PHMSA and NAPSR identified recognized industry best practices used by operators and state regulators for preventing cross bores, SCG fails to explain why it did not implement such mitigation practices. A prudent manager does not wait for a regulatory mandate to mitigate a known safety hazard that has been documented for over 50 years.<sup>112</sup>

When Cal Advocates asked which best practices SCG followed during initial pipeline installation, SCG ~~objected, and~~ failed to identify any best practices employed to mitigate this safety hazard.<sup>113</sup> However, SCG’s current “improved practices” (e.g., marking sewer mains and laterals and camera inspection) on new installations closely

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<sup>105</sup> SCG’s response to Cal Advocates Data Request PubAdv-SCG-009-EIC, Question 009(a).

<sup>106</sup> SCG-02-WP, pp. 8 - 9.

<sup>107</sup> PHMSA and NAPSR Analysis on Cross Bore Practices, pp. 2 – 4.

<sup>108</sup> SCG’s response to Cal Advocates Data Request PubAdv-SCG-009, Question 008(a).

<sup>109</sup> SCG’s response to Cal Advocates Data Request PubAdv-SCG-005-EIC, Question 005.

<sup>110</sup> PHMSA and NAPSR Analysis on Cross Bore Practices, pp. 2 – 4.

<sup>111</sup> PHMSA and NAPSR Analysis on Cross Bore Practices, Table 1: “States’ Responses to Directives or Regulations Compared to Best Practices Across Methods During Construction.”

<sup>112</sup> D.87-06-021, 24 Cal. PUC 2d 476, 1987 Cal. PUC LEXIS 588, p. 28-29 and D.90-09-088, 37 Cal. PUC 2d 488, 499, 1990 Cal. PUC Lexis 847, p. 23-25.

<sup>113</sup> SCG’s response to Cal Advocates Data Request PubAdv-SCG-009-EIC, Question 008(b-d).

resemble PHMSA and NAPSRS best practices. This demonstrates that these measures are feasible and presumed effective enough to have prevented the creation of cross bore for which SCG is requesting cost recovery.<sup>114</sup>

It is not reasonable for ratepayers to pay for avoidable incidents caused by SCG's failure to follow best practices, particularly when cross-bore risks were known for over 50 years.<sup>115</sup> If SCG had implemented reasonable preventative measures at the time of installation, SCG would not be requesting cost recovery to investigate, evaluate, and remediate avoidable cross bores resulting from construction practices.<sup>116</sup>

Ratepayers should not fund repairs to non-utility property damaged by SCG's own negligent construction practices.<sup>117</sup>

SCG further states that cross bores are discovered at the time of installation because sewer laterals are not mapped and were not forecasted in the TY 2019 GRC.<sup>118</sup> However, SCG forecast records review and field inspections of planned SLIP activities<sup>119</sup> in the TY 2019 GRC.<sup>120</sup> This demonstrates that SCG was aware of cross bore risks and the need for inspection prior to this Application.

Furthermore, SCG must prove that SLIP expenditures are incremental pursuant to D.23-02-017 <sup>121</sup> and D.25-06-051.<sup>122</sup> Here again, SCG has not shown that it procured additional resources or created new positions to support these requests. As SCG has failed to provide supporting information as to incrementality and reasonableness as to

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<sup>114</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-009-EIC, Question 009(b).

<sup>115</sup> PHMSA and NAPSRS Analysis on Cross Bore Practices, pp. 2 – 4.

<sup>116</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-009-EIC, Question 009(f).

<sup>117</sup> When Cal Advocates asked SCG to identify the proportion of the sewer repair and pipeline/cross bore repairs in the SLIP PAAR, SCG stated it does not separate costs between natural gas pipeline and sewer repairs. Source: Cal Advocates Data Request PubAdv-SCG-005-EIC, Question 005(d).

<sup>118</sup> CA-01, p. 30.

<sup>119</sup> SCG's response to Cal Advocates Data Request PubAdv-SCG-005-EIC, Question 011(a).

<sup>120</sup> Ex. SCG-02-WP, p. 38, Table 1: "SLIP Records Review, Inspections, and Discovered Cross Bores – Forecast vs. Actuals".

<sup>121</sup> D.23-02-017, p. 27.

<sup>122</sup> D.25-06-051, Conclusions of Law #37.

SLIP, the Commission should deny SCG's SLIP PAAR \$11.838 million cost recovery request.

**B. SCG's DIMPBA revenue requirement request is not just and reasonable because it lacks evidentiary support and should be denied.**

For the Distribution Integrity Management Program Balancing Account (DIMPBA), the Revenue Requirement represents the total amount needed for SCG to recover its capital-related costs associated with eligible DIMPBA investments.

Cal Advocates has fully recognized the prior Commission approvals (D.19-09-051, Resolution G-3610, and AL 6624-G) as the baseline analysis. Resolution G-3610 authorized all DIMPBA amounts recorded from January 1, 2019, through July 31, 2023, including those in the 100–135% range. Cal Advocates' analysis focuses on the new excess amount (greater than 135%) recorded from February 1 to December 31, 2023, which are related to SCG's current request for \$59.1 million.

SCG bears the burden of providing sufficient evidence and verifiable records to support its recovery request. SCG failed to meet this burden as it used a proprietary, Alteryx-driven Excel workbook<sup>123</sup> to calculate Depreciation, Income Taxes, Return, and Property Taxes,<sup>124</sup> without providing active, verifiable formulas. Instead, SCG provided incomplete Excel files that lack essential formulas, links, and supporting calculations, and that contain inexplicably hard-coded values for metrics like monthly interest. SCG's calculations cannot be independently verified due to the subscription restrictions of the Alteryx software.

SCG's failure to provide a functional model requires the Commission to reject the proprietary, Alteryx-generated data for lack of access, review and verification. Because SCG's proprietary Alteryx model prevents parties and the Commission from verifying the calculation of the revenue requirement, the Commission should draw an adverse inference that any data points derived solely from this proprietary model are

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<sup>123</sup> Cal Advocates Supplemental Testimony 04 - Sierra (CA-04), p. 7 (April 17, 2026).

<sup>124</sup> CA-04, p. 7.

unsubstantiated and must be disallowed in their entirety pursuant to Pub. Util. Code Section 463(b), which requires SCG to prepare and maintain records for evaluation. SCG should be required to resolve this proprietary issue with its vendor if it wishes to use the Alteryx computer-generated formula. These restrictions on intervenors violate Rule 10.1 of the Commission's Rules of Practice and Procedure, which governs discovery rights and SCG's duty to provide relevant information to prove its recovery requests. SCG's violation of its discovery duty as an applicant denies the Commission and all parties the legal right to review and verify the Alteryx generated data which determined SCG's revenue requirement recovery request as to DIMPBA. Additionally, SCG could have easily resolved this dispute by using its own Alteryx workbook to recompute the capital portion of the revenue requirement, incorporating Cal Advocates' disallowance, and serving those outputs with active formulas, which SCG has refused to do making it impossible for Cal Advocates to verify this recovery request.

**1. Cal Advocates' Methodology Correctly Applies Ratemaking Principles.**

In its rebuttal, SCG erroneously claims that Cal Advocates "Conflated" capital expenditures with capital revenue requirements by utilizing a dollar-for-dollar pro rata approach.<sup>125</sup> This is entirely inaccurate.

First, Cal Advocates explicitly understands and applies standard ratemaking principles. As stated in Cal Advocates' testimony, a \$1.00 reduction in capital expenditures does not mean a \$1.00 reduction in revenue requirement for that same year, because capital is recovered over the asset's lifetime.<sup>126</sup>

Second, Cal Advocates did not use the proportional percentages SCG attacks to modify, increase, or decrease its recommended capital costs or bypass depreciation rules. Because SCG failed to provide a model with active formulas, Cal Advocates inserted its \$71.7 million capital and \$19.9 million O&M recommendations<sup>127</sup> into the "2023" tab of

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<sup>125</sup> SCG's Supplemental Rebuttal Testimony (Yu), pp. 3-5.

<sup>126</sup> Cal Advocates Supplemental Testimony CA-03 (Chow), pp. 5-6 (April 17, 2026).

<sup>127</sup> CA-04, pp. 2-7.

SCG’s provided workbook. Cal Advocates applied the proportional cost-relationship percentages from SCG’s Alteryx outputs solely for illustrative purposes to show the relative composition of Cal Advocates’ recommended 2023 revenue requirement. SCG’s own failure to provide a functional model necessitated this illustrative step, and SCG cannot now use its own lack of transparency as a shield to attack Cal Advocates’ methods and calculations.<sup>128</sup>

## **2. Cal Advocates Fully Accounted for Prior Commission Approvals (Resolution G-3610).**

Cal Advocates’ analysis focuses strictly on the new excess amounts (greater than 135%) recorded from February 1 to December 31, 2023. To accurately calculate the 2023 total, Cal Advocates explicitly incorporated the January 2023 amounts approved in Resolution G-3610 into both the O&M and capital costs. Cal Advocates also applied the interest formula provided by SCG (to replace SCG's hard-coded numbers) to calculate the monthly interest from February to December 2023, arriving at an interest amount of \$4.7 million. SCG's claim that Cal Advocates' methodology demands a refund is a mathematical mischaracterization of Table 4-6.<sup>129</sup>

Cal Advocates incorporated the \$71.7 million for Capital and \$19.9 million for O&M recommendations from its Exhibit CA-01 into the “2023” tab of the Excel workpapers provided by SCG.<sup>130</sup>

## **3. Gas Rate and Bill Impacts.**

Cal Advocates determined that the backbone transmission service rate applies to transportation from the SCG City Gate. The other transportation rates listed are for service from the SCG City Gate to the end-use customer's meters.<sup>131</sup> SCG and San Diego Gas & Electric Company (SDG&E) rates pursuant to D.24-07-009 reflect a continued

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<sup>128</sup> CA-04, pp. 9-12.

<sup>129</sup> SCG’s Supplemental Rebuttal Testimony (Yu), p. 7.

<sup>130</sup> CA-04, p. 7.

<sup>131</sup> CA-04, p. 11.

shared rate design for certain rate classes affected by SCG's proposed rate change<sup>132</sup> associated with this application, which also will impact SDG&E's rates. The differences between the utilities will also affect the rates for Natural Gas Vehicle (NGV), Electric Generation (EG), and Transmission Level Service (TLS) that SCG and SDG&E provide.<sup>133</sup>

Cal Advocates applied its \$16.94 million recommended revenue requirement to SCG's Cost Allocation and Rate Design Excel Model.<sup>134</sup> As a result of these adjustments, Cal Advocates recommends the Commission adopt the following lower rate impacts:<sup>135</sup>

- **For SCG:** For the average residential bundled Non-California Alternate Rates for Energy (Non-CARE) customer using 36 therms per month, the bill increases by **\$0.20 or 0.27% to \$73.59 per month**, compared to SCG's requested increase of \$0.72 or 0.98% to \$74.11 per month.<sup>136</sup>
- **For SDG&E:** For the average residential bundled Non-CARE customer using 24 therms per month, the bill increases by **\$0.02 or 0.03% to \$65.64 per month**, compared to SDG&E's requested increase to \$65.64 per month.<sup>137</sup>

Cal Advocates requests that the Commission adopt the lower rates outlined above as it relates to the revenue requirement request in this proceeding. Cal Advocates would also request an Ordering Paragraph in any proposed decision to direct SCG to provide access to any subscription service computer program that plays any role in future recovery request applications or general rate cases.

## VI. CONCLUSION

As a result of its lack of transparency and failure to provide adequate data to substantiate its requests SCG has not met its duty to verify its claims for recovery, and

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<sup>132</sup> D.24-07-009, pp. 5-7 (July 27, 2024).

<sup>133</sup> CA-04, p. 11.

<sup>134</sup> CA-04, pp. 3, 8.

<sup>135</sup> CA-04, pp. 3, 11.

<sup>136</sup> CA-04, p. 14.

<sup>137</sup> CA-04, p. 16.

those claims should be denied. Specifically, SCG failed to reasonably verify its request for recovery for straight-time labor of \$30.753 million, for Vacation and Sick Leave in the amount of \$5.147 million, Vintage Integrity Plastic Plan in the amount of \$67.198 million, and for the Sewer Lateral Inspection Program in the amount of \$11.838 million. Based on this lack of evidentiary support, SCG has not met its burden to show that much of its DIMPBA recovery request is just and reasonable. Therefore, the Commission should reduce SCG's request for DIMPBA cost recovery in the amount of \$114.936 million in this proceeding. The Commission should also adopt Cal Advocates' recommended lower rates as to SCG's revenue requirement as described in Section V.B.

Respectfully submitted,

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