

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2019.	Application 17-10-007
And Related Matter.	Application 17-10-008 (Consolidated)
Application of San Diego Gas & Electric Company (U 902 M) to Submit Its 2021 Risk Assessment and Mitigation Phase Report.	Application 21-05-011
And Related Matter.	Application 21-05-014 (Consolidated)
Application of Southern California Gas Company (U904G) for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024.	Application 22-05-015
And Related Matter.	Application 22-05-016 (Consolidated)

**AMENDED COMMENTS OF THE PUBLIC ADVOCATES' OFFICE ON
SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA
GAS COMPANY'S 2023 RISK SPENDING ACCOUNTABILITY REPORT**

I. INTRODUCTION

Pursuant to the California Public Utilities Commission's Rules of Practice and Procedure Rule 1.12¹, the Public Advocates Office at the California Public Utilities

¹ **Rule 1.12 - Amendments and Corrections (May 1, 2021)** (a) An amendment is a document that makes a substantive change to a previously filed document. An amendment to an application, protest, complaint,

(continued on next page)

Commission (Cal Advocates) seeks to amend and correct its “Comments of The Public Advocates’ Office on San Diego Gas & Electric Company and Southern California Gas Company’s 2023 Risk Spending Accountability Report” (included here as “Attachment A”), which was filed and served on July 24, 2024.

II. CORRECTIONS

A. Page 2:3-6.

1. Current Sentence.

“Overall, SDG&E appears to have significantly spent more in both O&M and capital per its GRC-authorized revenue requirement, whereas SoCalGas has spent less in capital and slightly less in O&M as than authorized.”

2. Sentence with strikethrough deletions and underlined added language.

“Overall, SDG&E appears to have significantly spent more in both O&M and capital per its GRC-authorized revenue requirement, whereas SoCalGas has spent ~~less~~ more in capital and slightly less in O&M~~as~~ than authorized.”

3. Amended Sentence.

“Overall, SDG&E appears to have significantly spent more in both O&M and capital per its GRC-authorized revenue requirement, whereas SoCalGas has spent more in capital and slightly less in O&M than authorized.”

B. Page 5:4-6.

1. Current Sentence.

“SoCalGas reports consistent non-completion of work and corresponding redirection of funds for its PSEP-related programs throughout the Test Year 2019 GRC

or answer must be filed prior to the issuance of the scoping memo.

(b) The time for filing a reply, response, protest, or answer to an amended document is calculated from the date the amendment is filed. Parties who have filed a reply, response, protest or answer to the previously filed document need not file an additional reply, response, protest or answer to the amendment. If the time for filing a reply, response, protest, or answer to the original document has passed, the Administrative Law Judge may limit or prohibit any further reply, response, protest, or answer to the amended document.

(c) Minor typographical or wording corrections that do not alter the substance of a filed document or the relief requested therein are not to be filed.

cycle.”

2. Sentence with strikethrough deletion.

“SoCalGas reports ~~eonsistent~~ non-completion of work and corresponding redirection of funds for its PSEP-related programs throughout the Test Year 2019 GRC cycle.”

3. Amended Sentence.

“SoCalGas reports non-completion of work and corresponding redirection of funds for its PSEP-related programs throughout the Test Year 2019 GRC cycle.”

III. CONCLUSION

The above corrections hereby amend Cal Advocates “Comments of The Public Advocates’ Office on San Diego Gas & Electric Company and Southern California Gas Company’s 2023 Risk Spending Accountability Report,” filed and served on July 24, 2024.

Respectfully submitted,

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August 19, 2024

ATTACHMENT A

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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**COMMENTS OF THE PUBLIC ADVOCATES' OFFICE ON
SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA
GAS COMPANY'S 2023 RISK SPENDING ACCOUNTABILITY REPORT**

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I. INTRODUCTION

Pursuant to Decision (D.) 22-10-002,¹ the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits these comments on the 2023 Risk Spending Accountability Report (RSAR) by San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) (collectively, the Sempra Utilities) submitted on April 30, 2024.²

Cal Advocates has identified a troubling pattern in Sempra Utilities' RSAR spending. In addition to failing to complete the work authorized in its "Pipeline Safety Enhancement Plan (PSEP)" program throughout the SoCalGas 2019-2023 General Rate Case ("SoCalGas GRC") period, SoCalGas has repeatedly failed to spend authorized amounts on safety issues and failed to reasonably account for unspent funds.³ Similarly, SDG&E only spent 14% of its 2019-2023 General Rate Case ("SDG&E GRC") authorized funding on its wildfire-related "Inspections and Preventive Maintenance" program and again, failed to reasonably account for funds not allocated as authorized.⁴

¹ Decision 22-10-002, *Decision Addressing Phase 1 Track 3 and 4 issues*, October 6, 2022, Appendix A, P. A-1- "The April 10th RSAR Schedule notice approach adopted in D.19-04-020 is eliminated and a simplified schedule is adopted as follows:

- a. IOU RSAR filing due: 4/30
- b. Intervenor Comments due: 7/21
- c. Energy Division Reviews due: 10/31."

² San Diego Gas & Electric Company and Southern California Gas Company, *Risk Spending Accountability Report of San Diego Gas & Electric Company (U 902 M) and Southern California Gas Company (U 904 G) for 2023*, submitted April 30, 2024 (referred to as "The Sempra Utilities' 2023 RSAR")

³ SoCalGas has not hired necessary employees for its records management activities per the funding authorized in its GRC.

⁴ The SDG&E and SoCalGas Capital and Operations & Maintenance (O&M) and Capital programs that appear to exhibit the largest amount of underspending, incomplete work, or overspending in Appendix A. The SDG&E and SoCalGas Capital and Operations & Maintenance (O&M) programs that appear to exhibit the largest amount of underspending, incomplete work, or overspending in Appendix A. Appendix A is Derived From the Sempra Utilities' 2023 RSAR, Attachment A and Attachment B ("SoCalGas Tables").

To provide context regarding SDG&E and SoCalGas’ spending activities, Cal Advocates below provides SDG&E’s direct O&M and capital spending patterns for the entire Test Year 2019 GRC cycle as well as the 2023 RSAR year by itself. Overall, SDG&E appears to have significantly spent more in both O&M and capital per its GRC-authorized revenue requirement, whereas SoCalGas has spent less in capital and slightly less in O&M as authorized.

Table 1: SDG&E Total Capital & O&M Spending for the Test Year 2019 GRC Cycle (in thousands of dollars)⁵

	2019 GRC cycle Actuals	2019 GRC cycle Imputed Authorized	\$ Variance	% Variance
SDG&E Direct Capital	\$5,596,155.26	\$3,681,943.98	\$1,914,211.28	34%
SDG&E Direct O&M	\$2,573,306.37	\$1,993,032.27	\$580,274.10	29%
SDG&E Direct Total	\$8,169,461.63	\$5,674,976.25	\$2,494,485.38	43%

Table 2: SoCalGas Total Capital & O&M Spending for the Test Year 2019 GRC Cycle (in thousands of dollars)⁶

	2019 GRC Actuals	2023 Imputed Authorized	\$ Variance	% Variance
SoCalGas Direct Capital	\$7,424,839	\$5,357,987	\$2,066,852	39%
SoCalGas Direct O&M	\$4,470,653	\$4,520,989	-\$50,337	-1%
SoCalGas Direct Total	\$11,895,492	\$9,878,976	\$2,016,514	20%

⁵ Derived from the Sempra Utilities’ 2023 RSAR, Attachment A SDG&E Tables.

⁶ Derived from the Sempra Utilities’ 2023 RSAR, Attachment A SDG&E Tables.

Table 3: SDG&E Total Capital & O&M Spending for 2023⁷

	2023 Actuals	2023 Imputed Authorized	\$ Variance	% Variance
SDG&E Direct Capital	\$1,391,036	\$706,701	\$684,335	97%
SDG&E Direct O&M	\$786,659	\$581,648	\$205,011	35%
SDG&E Direct Total	\$2,177,695	\$1,288,349	\$889,345	69%

Table 4: SoCalGas' Total Capital and O&M Spending for 2023 (in thousands of dollars)⁸

	2023 Actuals	2023 Imputed Authorized	\$ Variance	% Variance
SoCalGas Direct Capital	\$1,627,762	\$896,296	\$731,465	82%
SoCalGas Direct O&M	\$1,084,316	\$1,063,017	\$21,300	2%
SoCalGas Direct Total	\$2,712,078	\$1,959,313	\$752,765	38%

Cal Advocates recommends that the Commission investigate these programs and determine whether necessary safety and reliability work has been completed, and if ratepayer funds were spent imprudently. In the case of a substantive lack of progress in completing necessary safety, reliability, or maintenance work, the Commission should compel each of the utilities to file a corrective action plan detailing how it will complete the work that was authorized and funded by the Commission in the SDG&E GRC and SoCalGas GRC. The corrective action plan should identify if additional funding is needed to complete these actions. However, such funding should not be authorized for

⁷ The Sempra Utilities' 2023 RSAR at 41.

⁸ The Sempra Utilities' 2023 RSAR at 41.

recovery from ratepayers who have already funded the activities. The corrective action plan also should include a timeline.

While the focus of these comments is on the Sempra Utilities, the Commission should establish a general requirement for a corrective action plan to complete work identified as incomplete in RSARs to address safety gaps for all utilities going forward. Incomplete safety and reliability work has been identified as a root cause in Commission investigations of catastrophic events.⁹ ¹⁰ The CPUC should establish a process for revised corrective action plans, which should include taking public comments on the corrective actions identified, and the CPUC’s review, approval, and oversight.

II. DISCUSSION

A. **The Commission should require SoCalGas to expedite completion of its deferred and delayed Pipeline Safety Enhancement Plan (PSEP) work and monitor its work completion for its PSEP programs going forward.**

Following the 2010 San Bruno pipeline explosion, the Commission required utilities to file Pipeline Safety Enhancement Plans to ensure the integrity of their natural gas infrastructure.¹¹ ¹² These plans are meant to ensure that utilities “test or replace transmission pipeline that do not have sufficient documentation of having been pressure

⁹ CPUC Safety and Enforcement Division, Investigation Report of Outages During July and August of 2015 in Southern California Edison Company’s Long Beach District, p. 28 [attached to Order Instituting Investigation 16-07-007].

¹⁰ *Motion of the Safety and Enforcement Division to Expand the Proceeding Scope to Include the 2018 Camp Fire, Appendix A, SED Incident Investigation Report for 2018 Camp Fire with Attachments* (November 26, 2019), p. 16.

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M320/K909/320909806.PDF>.

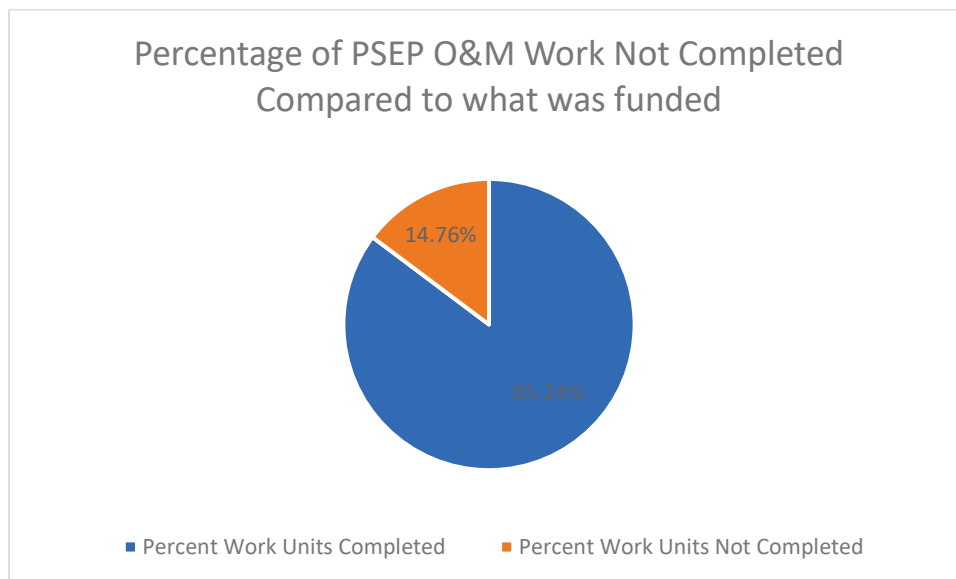
¹¹ Decision 11-06-017, *Decision Determining Maximum Allowable Operating Pressure Methodology and Requiring Filing of Natural Gas Transmission Pipeline Replacement or Testing Implementation Plans*, February 24, 2011.

¹² KRON 4 News, “10 Years Later: Remembering the San Bruno Pipeline Explosion Victims” , September 9th, 2020. Available at: <https://www.kron4.com/news/bay-area/10-years-later-remembering-san-bruno-pipeline-explosion-victims/>.

tested to at least 1.25 times the Maximum Allowable Operating Pressure (MAOP).”¹³ Such testing or replacement may prevent another San Bruno like incident by ensuring utility gas pipelines can withstand a sufficient amount of pressure from gas transmission.

SoCalGas reports consistent non-completion of work and corresponding redirection of funds for its PSEP-related programs throughout the Test Year 2019 GRC cycle. Specifically, under PSEP Operations & Maintenance, SoCalGas reports that it did not complete 15% of its authorized work to test or replace high pressure pipelines, for a total of \$136.4 million.. That SoCalGas failed to complete 33 miles of such work^{14,15} is compounded by the fact that it failed to spend an additional \$14.5 million for project management office expenses related to the PSEP program.¹⁶ These numbers are summarized in Figures 1 and 2 below, showing the approximate 15% work not completed and corresponding expenditures of less than authorized.

Figure 1: SoCalGas' PSEP O&M Work Completion for the 2019 GRC cycle¹⁷



¹³ Southern California Gas Company, *2024 Gas Safety Plan*, March 15, 2024, at 18

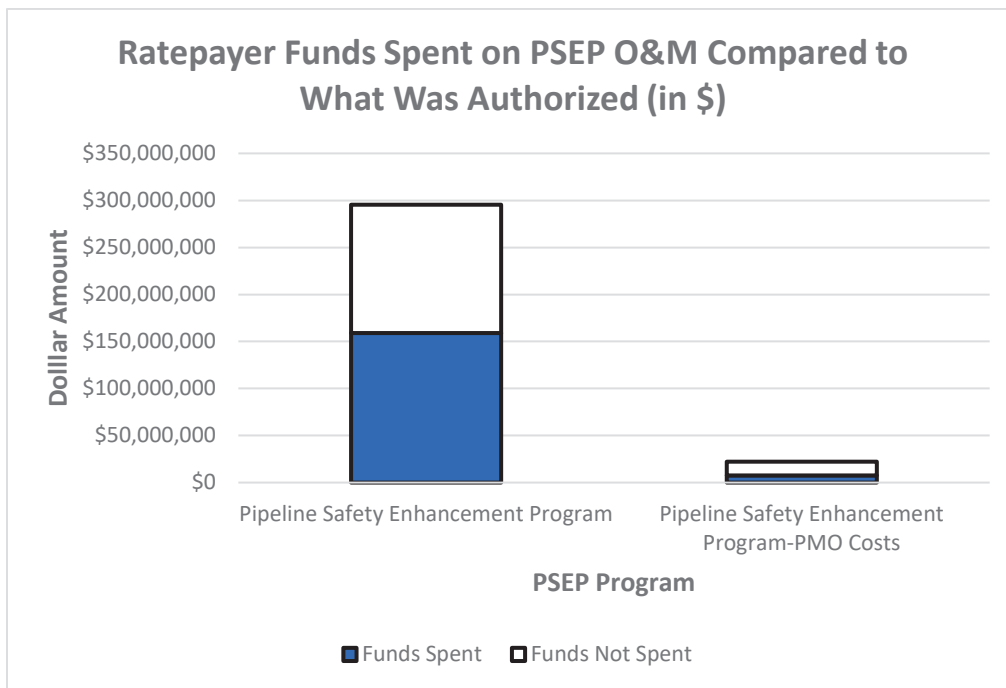
¹⁴ The Sempra Utilities' 2023 RSAR at B-97.

¹⁵ The Sempra Utilities' 2023 RSAR at B-98.

¹⁶ The Sempra Utilities' 2023 RSAR at B-97.

¹⁷ The Sempra Utilities' 2023 RSAR at B-98.

Figure 2 Unaccounted for Funds for PSEP O&M in the 2019 GRC cycle ¹⁸



For capital related to PSEP pipeline replacement and valve installations, SoCalGas reports that it did not complete 41% of the PSEP pipeline replacement work that ratepayers had funded. These unaccounted-for funds are valued at \$30.1 million. SoCalGas also reports that it failed to complete 52% of its authorized PSEP-related valve installation projects. SoCalGas has also not accounted for \$1.9 million that was supposed to be allocated to this program.^{19, 20} These problems are compounded by SoCalGas not

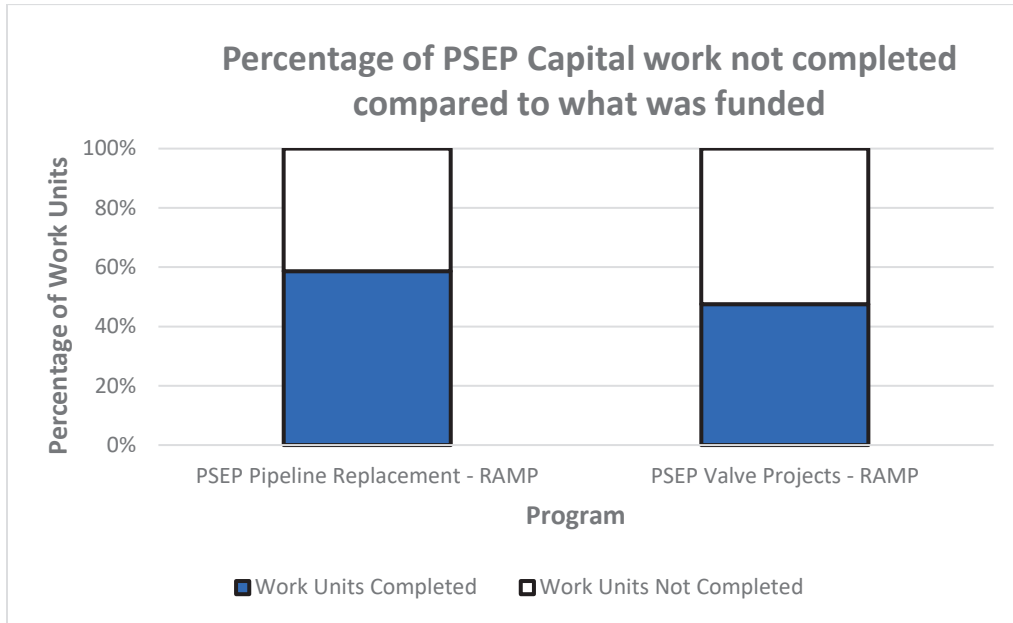
¹⁸ The Sempra Utilities' 2023 RSAR at B-97.

¹⁹ The Sempra Utilities' 2023 RSAR at B-102.

²⁰ The Sempra Utilities' 2023 RSAR at B-103.

accounting for funds in its other PSEP Capital categories.²¹ This is summarized in Figure 3 and 4 below.

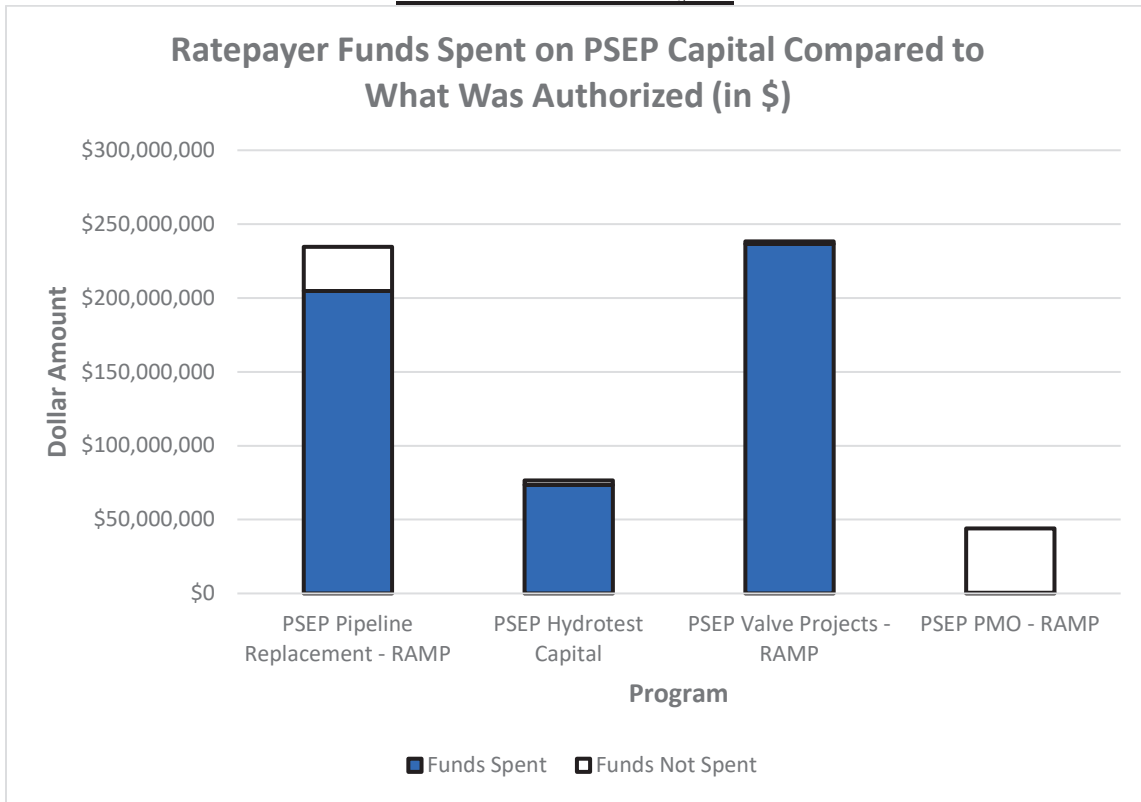
Figure 3 SoCalGas' PSEP Capital Work Completion in the 2019 GRC cycle²²



²¹The Sempra Utilities' 2023 RSAR at B-102.

²² The Sempra Utilities' 2023 RSAR at B-103.

**Figure 4 SoCalGas Ratepayer Funds Spent on PSEP Capital
in the 2019 GRC cycle²³**



The Commission has previously found SoCalGas’ incomplete PSEP work to be of concern. Energy Division’s evaluation of SoCalGas’ 2021 RSAR states that for PSEP O&M and other programs with significant less spending than authorized “additional discussion on how the utility plans to achieve the safety, reliability and maintenance goals associated with the program within a reasonable time frame should be discussed in the next RSAR.”²⁴ Cal Advocates agrees with the Commission that SoCalGas’ incomplete PSEP work is of grave concern to the safety of ratepayers.

In response to Cal Advocates’ request for a plan and timeline for completion of its deferred PSEP O&M work, SoCalGas notes that two deferred projects will go into

²³ The Sempra Utilities’ 2023 RSAR at B-102.

²⁴ San Diego Gas & Electric Company and Southern California Gas Company 2020 Risk Spending Accountability Report Review at A-7, available at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/risk-spending-accountability-reports/sempra_2020_rsar_ed-review-signed.pdf

construction in 2024 and 2028.²⁵ In response to similar questions regarding its capital pipeline replacement and valve replacement projects, SoCalGas states that one deferred pipeline replacement project will go into construction in 2028, and that 93 deferred valve installation projects will be completed in June 2028.^{26, 27} SoCalGas further states that there are two current projects that will hydrotest approximately 34 miles of pipeline. Respectively, SoCalGas states that Line 1030 (25.6 miles) will go into construction in July 2024, and Line 224 (8.1 miles) will go into construction in June 2028.²⁸

SoCalGas acknowledges the importance of its PSEP program to the integrity of the gas system and public safety in its currently pending GRC application.²⁹ It is unacceptable in light of this that SoCalGas has deferred its PSEP hydrotest, pipeline replacement, and valve replacement projects from the Test Year 2019 GRC until as far out as 2028. Without this work being completed, the public remains vulnerable to the potential for pipeline ruptures. As such, the Commission should direct SoCalGas to expedite its completion of its PSEP work and file a corrective action plan to do so. Cal

²⁵ SoCalGas response to Cal Advocates data request 1 regarding the Sempra Utilities' 2023 RSAR, Question 1b.

²⁶ SoCalGas response to Cal Advocates data request 1 regarding the Sempra Utilities' 2023 RSAR, Question 2c.

²⁷ SoCalGas response to Cal Advocates data request 1 regarding the Sempra Utilities' 2023 RSAR, Question 4b.

²⁸ SoCalGas response to Cal Advocates data request 1 regarding the Sempra Utilities' 2023 RSAR, Question 1b.

²⁹ "PSEP is a safety related program that was included in SoCalGas's 2021 RAMP filing and remains an important control/mitigation of the risk entitled *Incident Related to the High Pressure System (Excluding Dig-in)*." (SCG-Risk-1) -A.22-05-015/16 Exh. SCG-08 at BGK-17 to BGK 18.

SCG-Risk-1 is "...the risk of damage caused by a high-pressure pipeline .. failure event, which results in serious injuries or fatalities." - A.22-05-015/16 Exh. SCG-08 at BGK-6, Table 7: RAMP Chapter Description.

SoCalGas experienced a significant pipeline failure in 2017, however root causes were not discussed in the news article photographs:

<https://www.sbsun.com/2017/10/01/newberry-springs-gas-line-catches-fire-destroys-heavy-equipment/>.

https://www.newsdata.com/california_energy_markets/bottom_lines/socal-gas-opens-black-box-surrounding-line-235-2-rupture/article_49714e87-6f1f-56d8-8404-015b5f20d300.html.

Advocates also recommends that the Commission oversee completion of the revised action plan to be submitted by SoCalGas, consistent with our recommendation for an oversight process as detailed in Section F.

In its currently pending 2024-2027 GRC application, SoCalGas requested \$54.2 million for PSEP O&M³⁰ and \$73.8 million for PSEP capital Pipeline Replacement projects.^{31, 32} SoCalGas's RSAR reports that, for the 2019-2023 GRC period, SoCalGas did not spend as authorized \$150.9 million for PSEP O&M and \$30.1 million for PSEP capital Pipeline Replacement projects. The RSAR did not explain or disclose whether any of the projects that remained incomplete from the 2019-2023 GRC periods were now included in SoCalGas's 2024-2027 GRC. SoCalGas did not state in its 2023 RSAR how these withheld 2019-2023 PSEP funds were used.

From a reasonableness standard, The Commission should require SoCalGas to demonstrate, and an officer of the company attest, that any new funding approved for PSEP will be allocated towards new projects and the outstanding projects already funded and completed, rather than be allocated to those projects that SoCalGas has deferred and for which ratepayer funding has already been received.

B. The Commission should investigate SDG&E's cancellation of its Wire Correction, Switch Replacement and Underground Connector Upgrade Program

In the Sempra Utilities' 2023 RSAR, SDG&E reports that its Wire Correction Switch Replacement and Underground Connector Upgrade program was cancelled. SDG&E states that “[m]ost of the projects within this description have since been broken out into other categories, such as Proactive Cable Replacement, High Risk Switch

³⁰ A.22-05-015/16, Application of the Southern California Gas Company (U904G) for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024 and Related Matter, Exhibit SCG-08 at BGK-37.

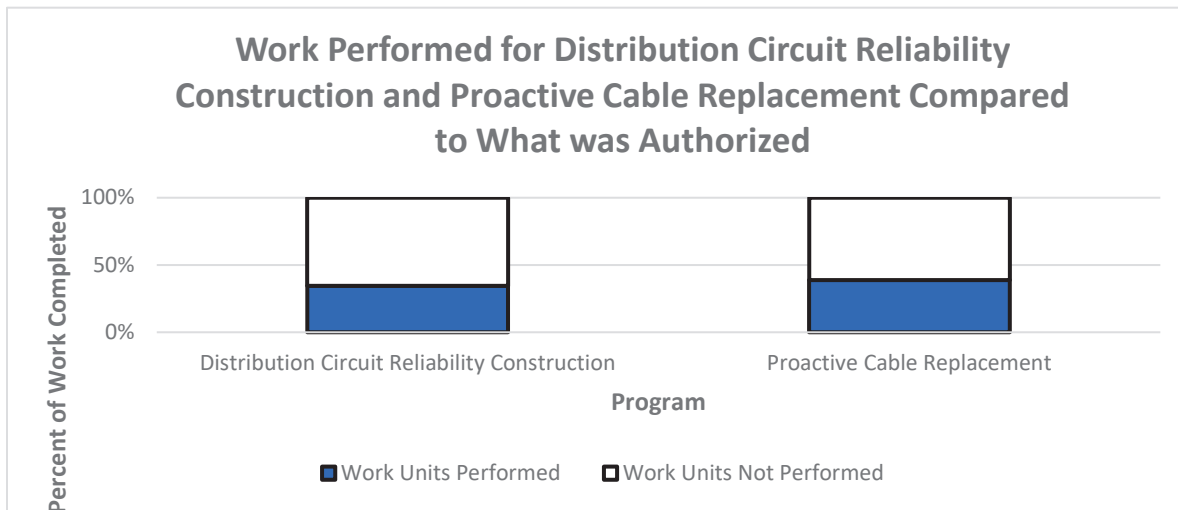
³¹ A.22-05-015/16, Exhibit SCG-08 at BGK-25.

³² A.22-05-015/16, Application of the Southern California Gas Company (U904G) for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024 and Related Matter.

Replacement, Tee Modernization program, Overhead Public Safety Program, and Distribution Circuit Reliability”.³³

SDG&E’s High Risk Switch Replacement Program and Overhead Public Safety Program are reported as emergent, with no costs forecasted in the Test Year 2019 GRC.³⁴ However, SDG&E reports that it did not perform 61% (or 3,618 miles) of the proactive cable replacement work that was authorized, and 65% (or 123 switch replacements) of its Distribution Circuit Reliability Construction program compared to what was authorized.^{35, 36} This lack of performance puts at risk the safety of ratepayers. These programs show the non-spending of authorized funding of \$48.7 million and \$10.7 million respectively.³⁷ These numbers are summarized in Figures 5 and 6 below.

Figure 5: SDG&E Work Completion for Distribution Circuit Reliability Construction and Proactive Cable Replacement^{38,39}



³³ The Sempra Utilities’ 2023 RSAR at A-55.

³⁴ The Sempra Utilities’ 2023 RSAR at A-66 and A-69.

³⁵ The Sempra Utilities 2023 RSAR at A-50

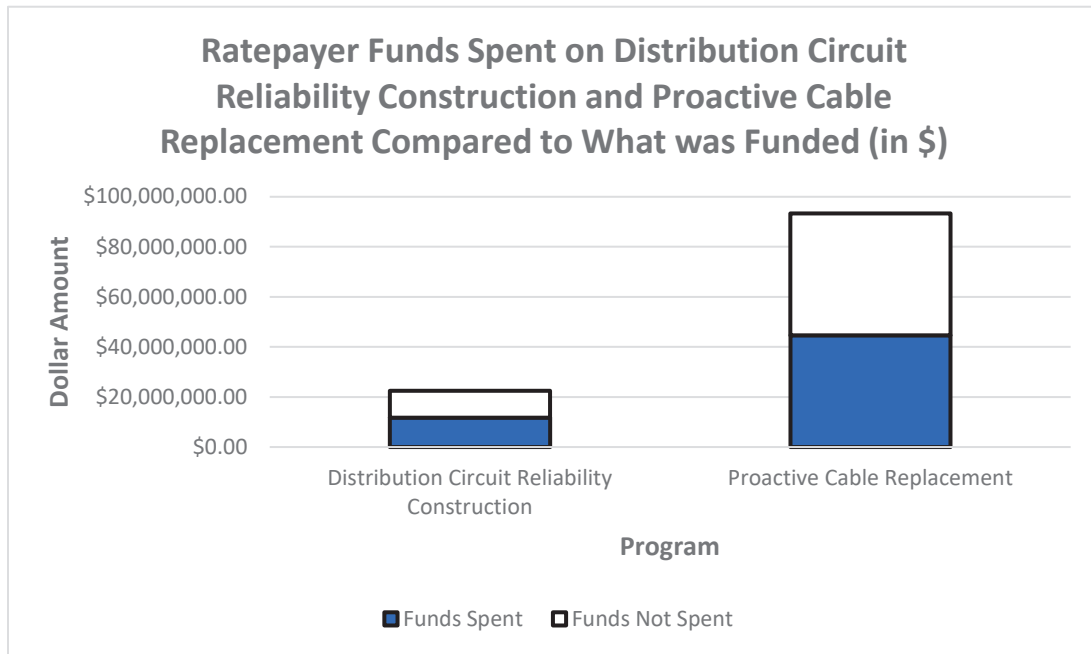
³⁶ The Sempra Utilities’ 2023 RSAR at A-52.

³⁷ The Sempra Utilities’ 2023 RSAR at A-37 and A-39.

³⁸ The Sempra Utilities 2023 RSAR at A-50.

³⁹ The Sempra Utilities’ 2023 RSAR at A-52.

Figure 6 SDG&E Unaccounted for Funding on Distribution Circuit Reliability Construction and Proactive Cable Replacement⁴⁰



SDG&E in its 2023 RSAR highlights the importance of these programs. SDG&E states regarding the Distribution Circuit Reliability Construction program that “[t]he electric service reliability will deteriorate in the absence of comprehensive remedial solutions offered by these projects, also, electric reliability performance is negatively impacted by system deficiencies and an aging infrastructure”.⁴¹ SDG&E similarly states regarding the Proactive Cable Replacement program that, “[t]his program facilitates the replacement of underground cable that was identified to have a high probability of failure based on electric reliability circuit analysis and cable failure data.”⁴² In light of SDG&E’s stated importance of these two programs to electric reliability, the Commission should require SDG&E to file a corrective action plan to complete this incomplete work and oversee said work completion.

⁴⁰ The Sempra Utilities’ 2023 RSAR at A-37 and A-39.

⁴¹ The Sempra Utilities’ 2023 RSAR at A-78.

⁴² The Sempra Utilities’ 2023 RSAR at A-76.

Additionally, The Commission should investigate what SDG&E has done with the funds authorized for the Wire Correction Switch Replacement and Underground Connector Upgrade program. Based on the above, it appears the reported funds authorized to be spent were diverted to programs other than those SDG&E identified. This investigation is necessary to ensure that ratepayer funds were spent prudently and in the best interests of the public.

C. SDG&E has not allocated authorized funding by 86% on its Wildfire Mitigation Program Inspections and Preventive Maintenance Program

Inspections and preventative maintenance are foundational activities for wildfire mitigation, as they ensure that utility assets will not contribute to ignitions. Furthermore, detailed ground-based inspections are required to be performed at a minimum every three to five years (depending on the type of facility) per General Order (GO) 165.⁴³

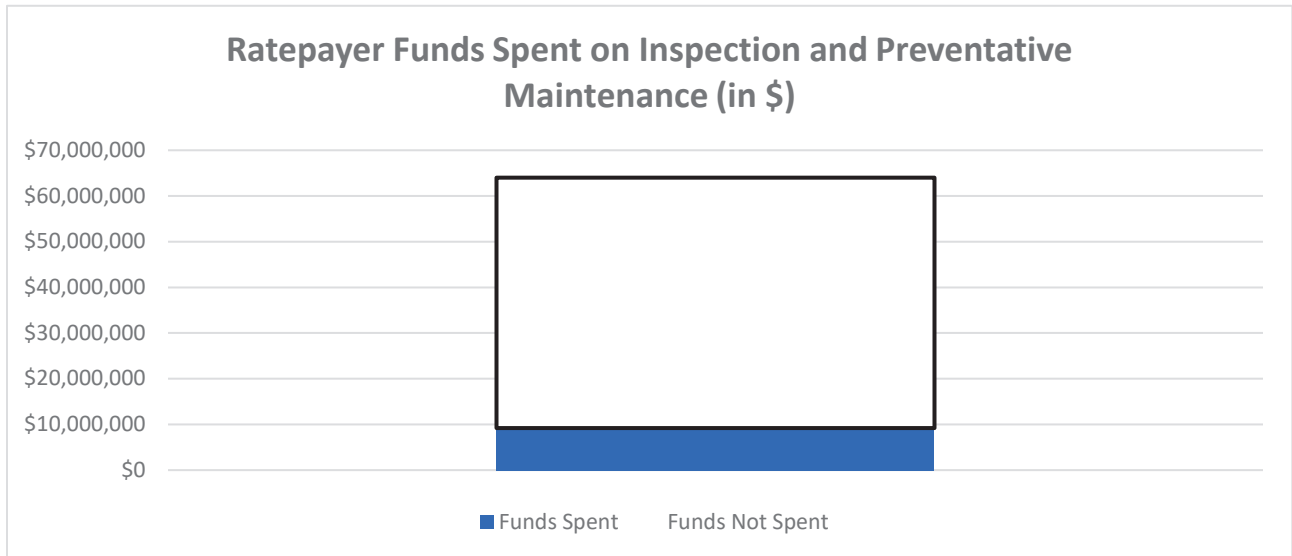
SDG&E doesn't account for funds withheld or redirected of \$54.8 million in funding for its wildfire mitigation inspections and preventive maintenance program.⁴⁴ SDG&E states that “there are several activities such as Detailed Inspections of Distribution Electric Lines & Equipment; Patrols of Distribution Lines & Equipment; High Fire Threat District (HFTD) Tier 3 Inspections; Infrared/Corona Inspections, etc.”, that comprise this program.⁴⁵ This non-allocation of authorized funding is summarized in Figure 7 below.

⁴³ General Order 165 Section III, subpart B: “Each utility subject to this General Order shall conduct inspections of its distribution facilities, as necessary, to ensure reliable, high-quality, and safe operation, but in no case may the period between inspections (measured in years) exceed the time specified in [Table 1](#).”

⁴⁴ The Sempra Utilities' 2023 RSAR at A-212.

⁴⁵ The Sempra Utilities' 2023 RSAR at A-217.

Figure 7: SDG&E Unaccounted for Funding on WMP Inspection and Preventive Maintenance⁴⁶



SDG&E states that this non-allocation of authorized funding is “due to lower Wildfire Mitigation Plan (WMP) O&M associated with traditional inspection & preventative maintenance (e.g., HFTD Inspections & Repairs, infrared Inspections) and increased emergent related costs, such as the Drone Inspection Program.”⁴⁷ However, SDG&E does not state what has led to these decreased O&M costs for inspection and preventative maintenance. Further, due to the bundling of many different activities within this program, SDG&E has not appropriately identified whether these decreased costs are due to work not being completed or due to SDG&E achieving cost efficiencies within this program.

SDG&E has not demonstrated that it is completing its GO 165 required inspection activities due to not allocating authorized funds to this program.. These activities are particularly important in preventing wildfire ignitions. Therefore, the Commission should investigate whether SDG&E is completing its required inspection and preventative maintenance activities such that it is effectively reducing risk of wildfires

⁴⁶ ⁴⁶ The Sempra Utilities’ 2023 RSAR at A-212.

⁴⁷ The Sempra Utilities’ 2023 RSAR at A-222.

caused by utility equipment. If SDG&E is not completing such activities, the Commission should require SDG&E to file a corrective action plan to ensure completion of this work.

D. The Commission should require SoCalGas to show that it has adequate personnel for its Gas System Integrity Records Management activities

SoCalGas identifies in its 2023 RSAR that SoCalGas did not hire a total of 91 employees the Commission authorized in its Test Year 2019 GRC funding allocation to support its record management activities within its Gas System Integrity Line of business. Specifically, SoCalGas did not hire 53 employees to support operational compliance and oversight, and 38 employees to support Policy, Procedures, Standards, and Environmental & Safety Compliance Management Program (ESCMP).⁴⁸

In both cases SoCalGas states that it encountered “difficulties in recruiting and onboarding qualified personnel”.⁴⁹ Cal Advocates requested information regarding these difficulties and SoCalGas stated the following:

Identifying additional resources with the requisite skills posed challenges, resulting in difficulties in onboarding qualified personnel beyond the existing headcount. Requisite skills include a few years of utility experience and a data engineering or data scientist background. As a result, SoCalGas identified employees and contractors within existing Asset Management and Integrity Management teams with the expertise and skills related to data consolidation and cleansing activities to address the newly-adopted GTSR [Gas Transmission Safety Rules] compliance requirements. Leveraging both current contractors and internal resources with the necessary expertise, SoCalGas efficiently managed data in a short timeframe to meet compliance needs.⁵⁰

Adequate records management is essential for the integrity of the gas system, since data such as age of pipelines and maintenance records may be inaccessible and/or

⁴⁸ The Sempra Utilities’ 2023 RSAR at B-83.

⁴⁹ The Sempra Utilities’ 2023 RSAR at B-88.

⁵⁰ SoCalGas response to Cal Advocates’ data request 1 Question 8c.

lost. Inadequate records management on the part of PG&E contributed to the San Bruno rupture, illustrating the need for such records management to avoid such a catastrophe.

While SoCalGas states that it leveraged existing employees or contractors to fulfill its new GTSR compliance requirements,⁵¹ SoCalGas does not state how it plans to hire the necessary employees to do the needed records management activities that were authorized in the Test Year 2019 GRC, or whether such employees are still needed. Furthermore, SoCalGas requests additional funding for records management activities in its SoCalGas Test Year 2024 GRC. SoCalGas states that this additional funding is for new “incremental hires”⁵² but it is not clear whether those positions were previously authorized and funded in the Test Year 2019 GRC.⁵³ In light of this, the Commission should require SoCalGas to demonstrate:

1. That incremental hires requested in its currently pending Test Year 2024 GRC are for new activities and not previously authorized in the 2019 GRC;
2. Where the unaccounted-for funds authorized in the Test Year 2019 GRC were spent; and
3. That SoCalGas has adequate employees to perform its authorized records management activities that it used to justify the funds received in its Test Year 2019 GRC or in the alternative that the program is adequately funded at current levels due to improved efficiency of the work being conducted.

E. The Commission should further investigate SDG&E and SoCalGas’ programs with the 10 Highest instances of unaccounted for funds over and under authorized amounts, and the 10 Highest work unit backlogs, and work unit over completions.

In addition to the specific programs highlighted in the preceding sections, Cal Advocates identifies the 10 Highest instances of not spending or over spending

⁵¹ Gas Transmission 2 Final Rule, available at: <https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/2022-08/Gas-Transmission-2-Final-Rule.pdf>

⁵² SoCalGas response to Cal Advocates data request 1 Question 8d.

⁵³ A.22-05-015/16, Exh. SCG-05 WR-19 to WR-37.

authorized funding by SDG&E and SoCalGas, including the 10 Highest instances of work not being completed, and instances where more work being completed than was authorized (by percentage).⁵⁴ In addition to the specific programs Cal Advocates highlights, the Commission should investigate each of these programs to ensure that ratepayer funds were spent prudently and that work necessary to ensure the safety and reliability of the Sempra Utilities' electric and gas systems was completed. In cases where funds were not spent prudently or necessary work was not completed, the Commission should compel the utility to file a corrective action plan showing how it will oversee and complete the necessary work.

F. The Commission should establish an oversight process to ensure that utilities complete necessary safety and reliability work.

As set forth above, among other items, SoCalGas has failed to complete significant work in its PSEP programs for the 2024 GRC cycle, SDG&E has diverted funds from its Wire Correction, Switch Replacement and Underground Connector Upgrade Program to programs that still show work not completed, SDG&E shows a significant amount of authorized funds not allocated to its WMP Inspection and Preventative Maintenance program while it remains unclear if it is meeting General Order 165 regulatory requirements for inspections. Furthermore, SoCalGas has failed to hire a significant number of employees it stated were necessary for records management activities.

Commission investigations of incidents caused by utility facilities have identified such incomplete work as a root cause of the resulting harm. For example, the Zogg Fire, Camp Fire, and one of the 2017 North Bay wildfires were due to PG&E's failure to

⁵⁴ See in Appendix A. Cal Advocates does not comment here on why these programs are underspent, overspent, over-completed, or under-completed, but instead provides the results of its analysis for the Commission's further review and investigation.

complete overdue inspections, maintenance, and/or corrective work orders.^{55, 56, 57, 58} Similarly, the 2015 Long Beach outages caused by Southern California Edison Company were the result of a failure to replace deteriorating conductor(s) and other factors.⁵⁹ The Commission should enhance its oversight of the Sempra Utilities in order to close the gaps in important safety work identified in these comments and prevent future catastrophic events such as those detailed above. Enhanced oversight is necessary to ensure that the utilities actually complete the critical safety and reliability work for which they have received ratepayer funding.

Cal Advocates recommends that the Commission establish an oversight process to ensure that SDG&E and SoCalGas (and other utilities) complete necessary, authorized safety and reliability work that remains incomplete at the end of a GRC cycle.⁶⁰ If a utility contends that authorized work is no longer needed, the Commission can evaluate that before approving a utility's corrective action plan. If a utility reprioritizes its safety

⁵⁵ CAL FIRE. *CAL FIRE Investigators Determine Cause of the Zogg Fire [News Release]*(March 22, 2021). <https://www.fire.ca.gov/media/u2kh4nyd/zogg-fire-press-release.pdf>.

⁵⁶ Morris, JD. *Camp Fire failure part of PG&E's 'pattern' of poor maintenance, regulators say* (December 3, 2019). San Francisco Chronicle.

<https://www.sfchronicle.com/californiawildfires/article/Regulators-PG-E-could-have-prevented-Camp-Fire-14877131.php>.

⁵⁷ *Motion of the Safety and Enforcement Division to Expand the Proceeding Scope to Include the 2018 Camp Fire, Appendix A, SED Incident Investigation Report for 2018 Camp Fire with Attachments* (November 26, 2019), p. 16.

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M320/K909/320909806.PDF>

⁵⁸ Van Derbeken, Jaxon. *PG&E Admits it Broke 2020 Promise to Fully Inspect 50K Poles in High Fire Risk Zones* (May 14, 2021). NBC Bay Area.

<https://www.nbcbayarea.com/investigations/pg-e-admits-it-broke-2020-promise-to-fully-inspect-58000-poles-in-high-fire-risk-zones/2545708/>.

⁵⁹ CPUC Safety and Enforcement Division, *Investigation Report of Outages During July and August of 2015 in Southern California Edison Company's Long Beach District*, p. 28 [attached to Order Instituting Investigation 16-07-007].

⁶⁰ The corrective action plan is focused on completing work not done, rather than a utility performing the work at a lower cost resulting in underspend, for example by conducting work more efficiently.

work, the corrective action approval process will help ensure that remaining safety work is timely completed to avoid problems caused by utility infrastructure.

This process is detailed in Figure 8 below:

Figure 8: Cal Advocates' Proposed RSAR Action Plan process



The RSAR Action Plan process would help answer key concerns not addressed by the Sempra Utilities in its 2023 RSAR. For example:

- Why SoCalGas failed to complete significant work in its PSEP programs for the 2019 to 2023 GRC cycle.
- Why SDG&E has diverted funds from its cancelled Wire Correction, Switch Replacement and Underground Connector Upgrade Program to programs that show work not completed by the end of 2023 commensurate with the shift in funds.
- Why SDG&E shows significant unaccounted for funds in its WMP Inspection and Preventative Maintenance program, making it unclear if it is meeting General Order 165 regulatory requirements for inspections of its facilities, or if the unaccounted for funds is due to savings from efficiencies.
- What happened with the unspent funding that SoCalGas had allocated to hire a significant number of employees it stated were necessary for records management activities between 2019 and 2023.

The Commission's investigations of incidents caused by utility facilities have uncovered such incomplete work as a root cause of these deficiencies and resulting harm to ratepayers. For example, the Zogg Fire, Camp Fire, and one of the 2017 North Bay wildfires were due to PG&E's failure to complete overdue inspections, maintenance,

and/or corrective work orders.^{61, 62, 63, 64} Such incomplete work has also contributed to catastrophic outages for not only PG&E, but also the other electric utilities. The 2015 Long Beach outages caused by Southern California Edison Company were caused by failure to replace deteriorating conductor(s), among other contributing factors.⁶⁵ The Commission should ensure that the Sempra Utilities address the gaps in important safety work identified in these comments.

III. CONCLUSION

To mitigate critical safety risks to the public, improve utility transparency and accountability, and ensure just stewardship of ratepayer dollars, Cal Advocates respectfully requests that the Commission adopt the recommendations contained herein. Specifically, the Commission should require the Sempra Utilities to file corrective action plans to complete work identified as incomplete, account for ratepayer funds reported as not being spent as authorized and show that the misdirection of these funds was in the interest of ratepayers.

⁶¹ CAL FIRE. *CAL FIRE Investigators Determine Cause of the Zogg Fire [News Release]*(March 22, 2021). <https://www.fire.ca.gov/media/u2kh4nyd/zogg-fire-press-release.pdf>.

⁶² Morris, JD. *Camp Fire failure part of PG&E's 'pattern' of poor maintenance, regulators say* (December 3, 2019). San Francisco Chronicle.

<https://www.sfchronicle.com/californiawildfires/article/Regulators-PG-E-could-have-prevented-Camp-Fire-14877131.php>.

⁶³ *Motion of the Safety and Enforcement Division to Expand the Proceeding Scope to Include the 2018 Camp Fire, Appendix A, SED Incident Investigation Report for 2018 Camp Fire with Attachments* (November 26, 2019), p. 16.

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M320/K909/320909806.PDF>.

⁶⁴ Van Derbeken, Jaxon. *PG&E Admits it Broke 2020 Promise to Fully Inspect 50K Poles in High Fire Risk Zones* (May 14, 2021). NBC Bay Area.

<https://www.nbcbayarea.com/investigations/pge-admits-itbroke-2020-promise-to-fully-inspect-58000-poles-in-high-fire-risk-zones/2545708/>.

⁶⁵ CPUC Safety and Enforcement Division, *Investigation Report of Outages During July and August of 2015 in Southern California Edison Company's Long Beach District*, p. 28 [attached to Order Instituting Investigation 16-07-007].

Respectfully submitted,

/s/ RODERICK HILL

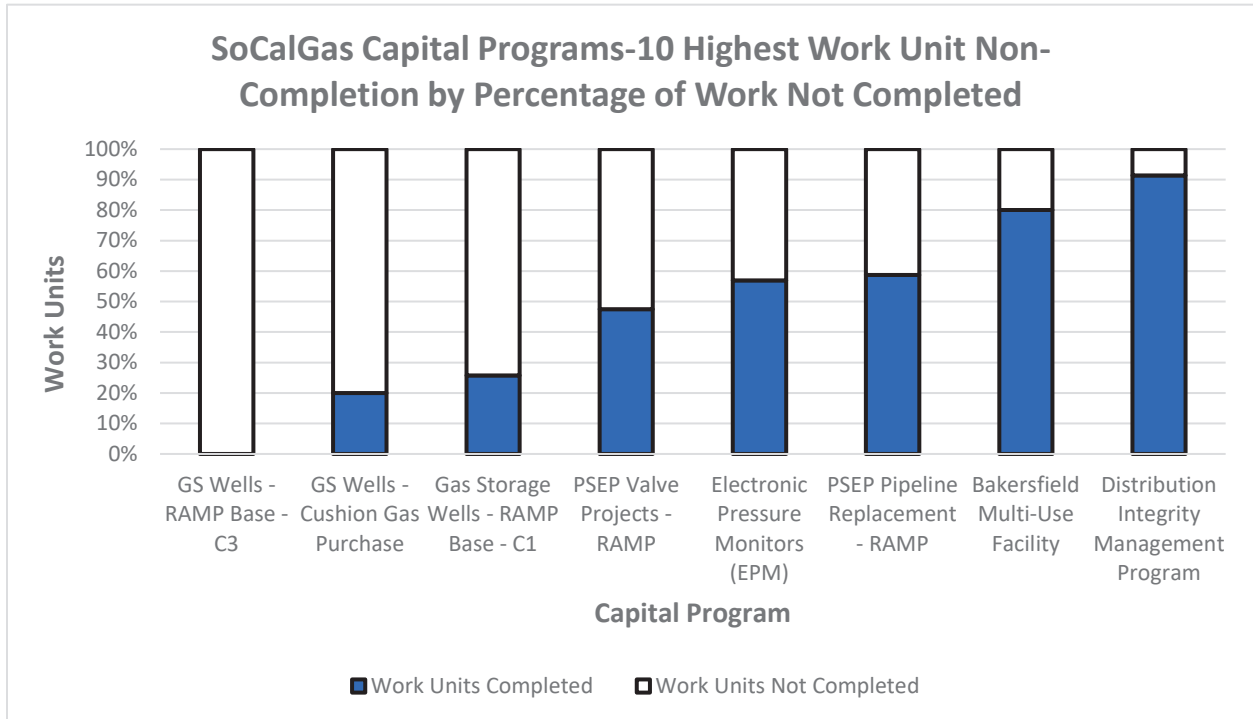
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July 24, 2024

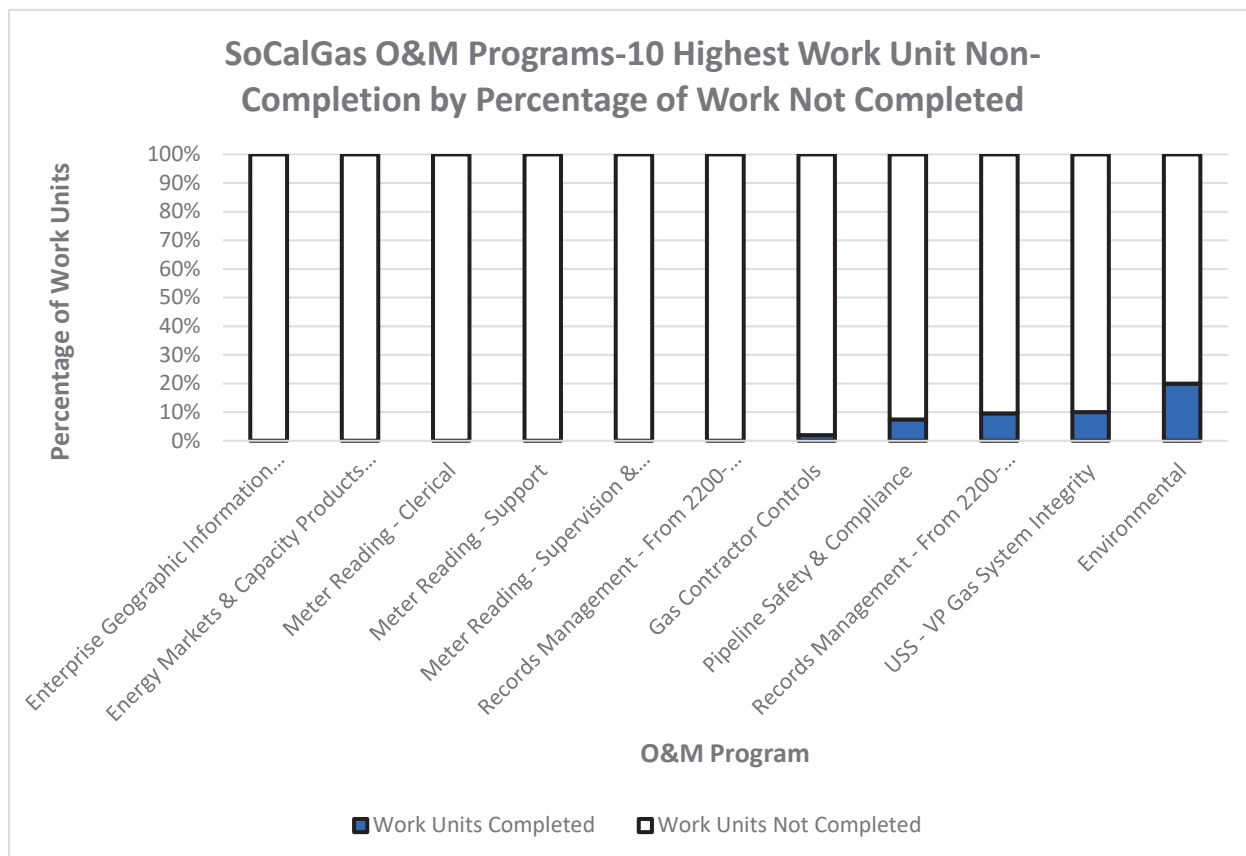
Appendix A: Cal Advocates’ Identified Top 10 Unaccounted for Funds, Work Non-Completion, and Work Over-Completion for SDG&E and SoCalGas

Figure 9: SoCalGas Capital Programs-Highest Work Unit Non-Completion¹



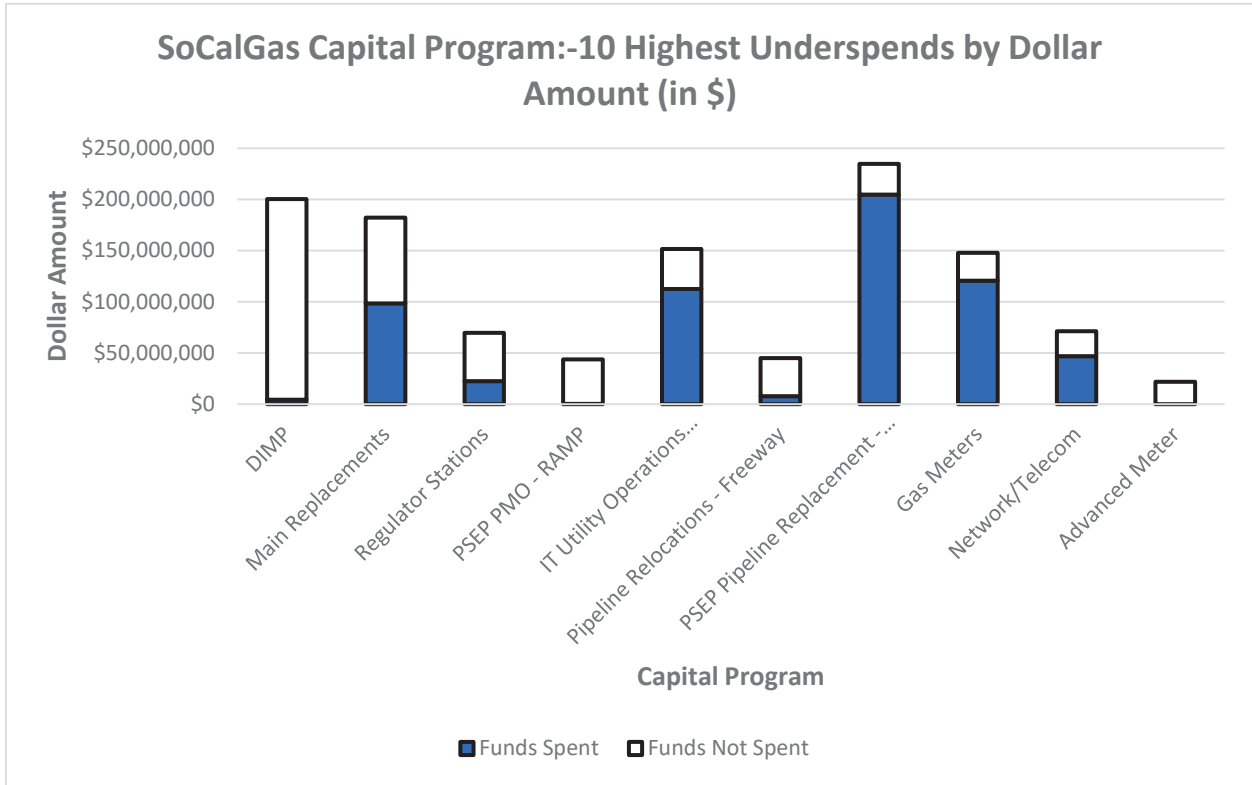
¹ Derived from the Sempra Utilities 2023 RSAR, Attachment B, SoCalGas Tables.

Figure 10: SoCalGas O&M Programs-Highest Work Unit Non-Completion²



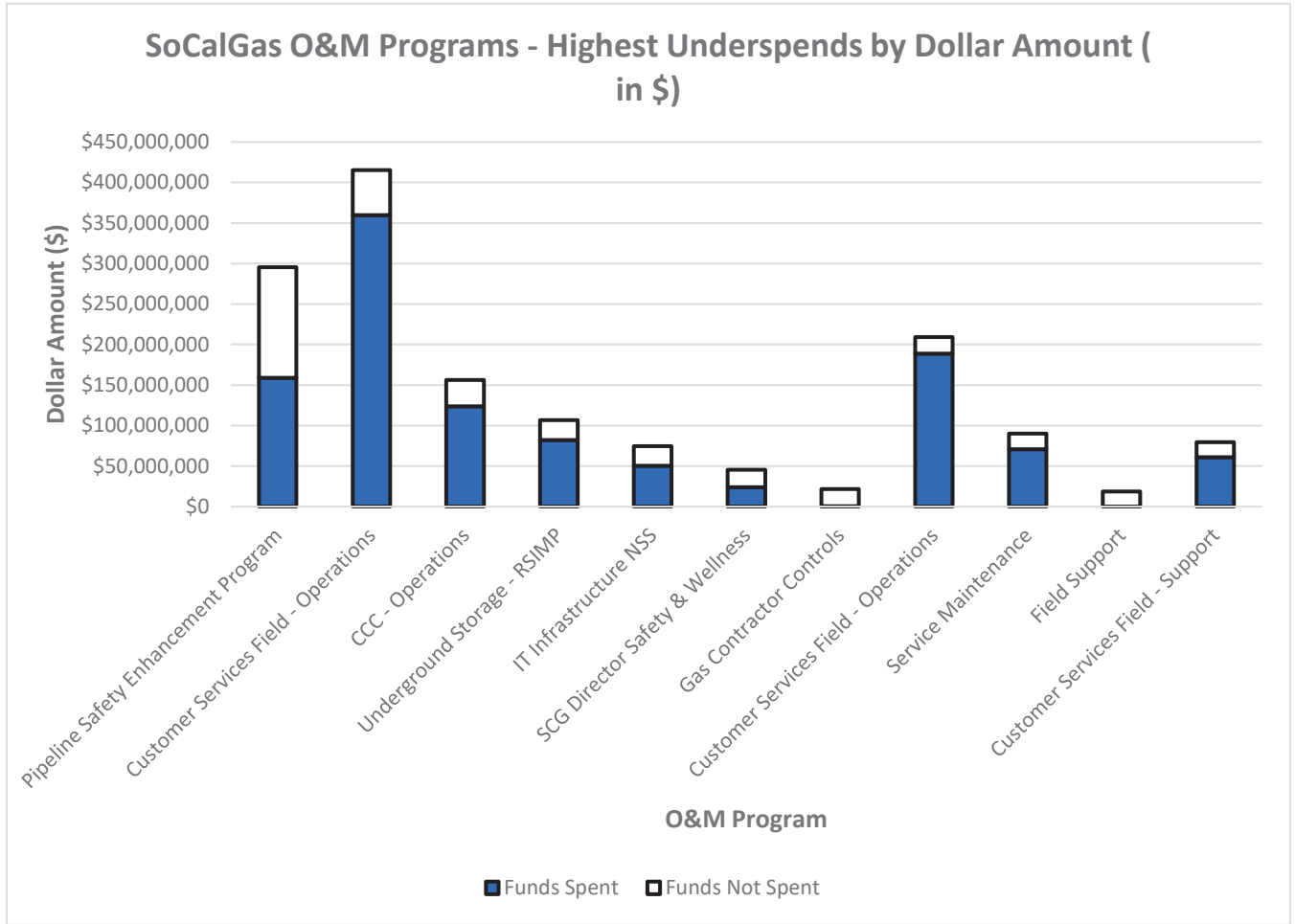
² Derived from the Sempra Utilities 2023 RSAR, Attachment B, SoCalGas Tables.

Figure 11: SoCalGas Capital Programs - 10 Highest Unaccounted for Funds below authorized amounts by Dollar Amount³



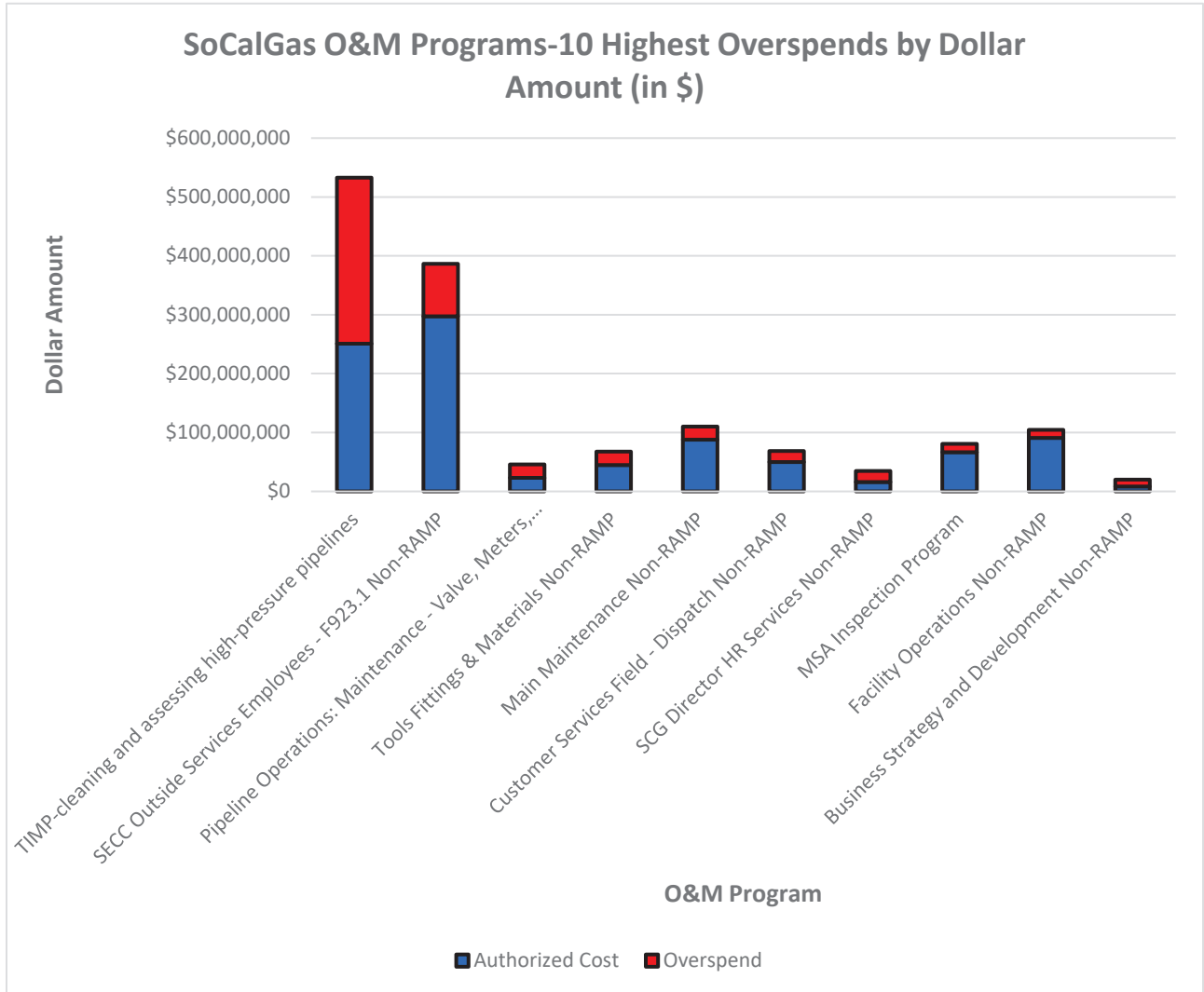
³ Derived from the Sempra Utilities 2023 RSAR, Attachment B, SoCalGas Tables.

Figure 12: SoCalGas O&M Programs-10 Highest Unaccounted for Funds below authorized amounts by dollar amount⁴



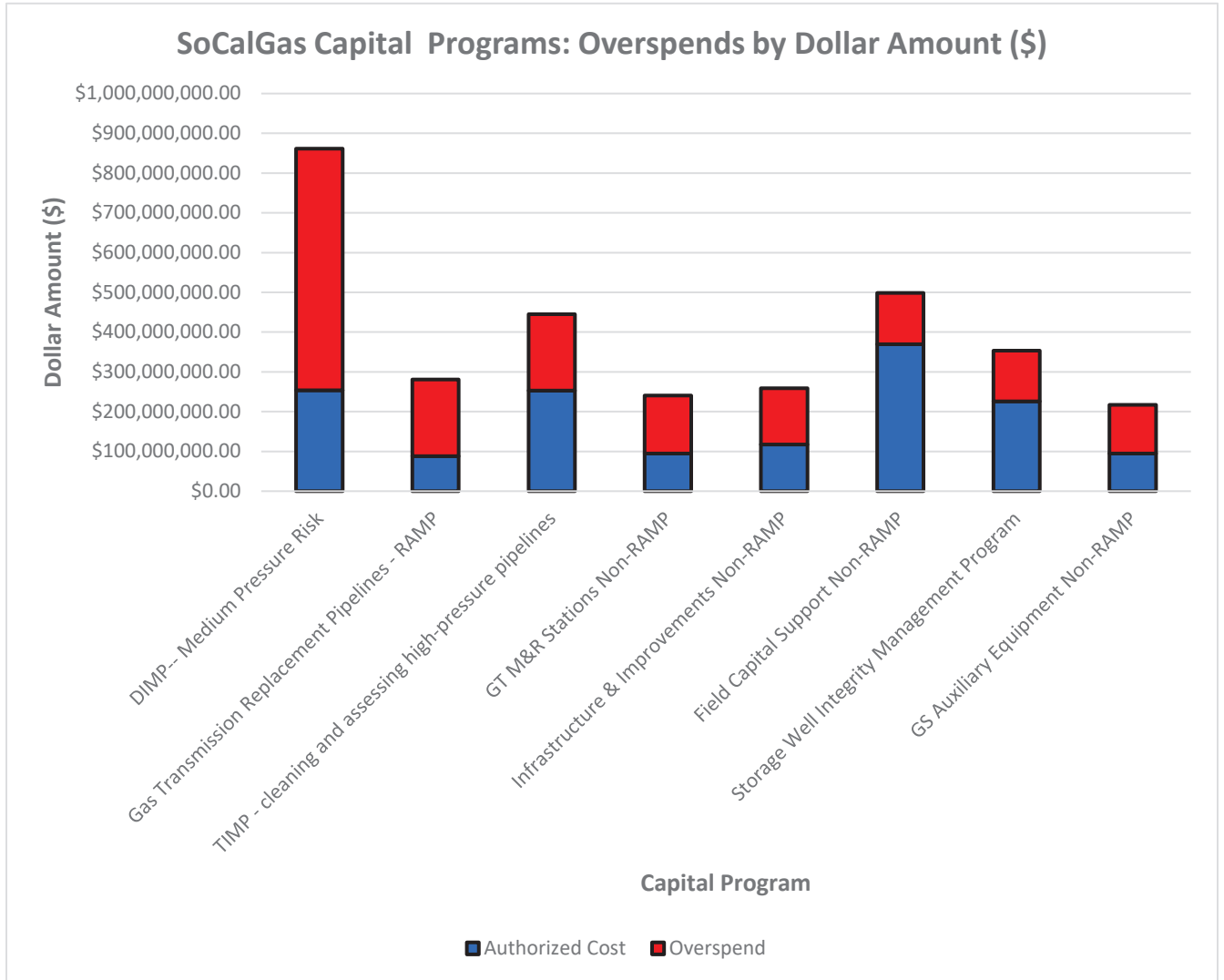
⁴ Derived from the Sempra Utilities 2023 RSAR, Attachment B, SoCalGas Tables.

Figure 13: SoCalGas O&M Programs-10 Highest unaccounted for funds above authorized amounts by Dollar Amount⁵



⁵ Derived from the Sempra Utilities 2023 RSAR, Attachment B, SoCalGas Tables.

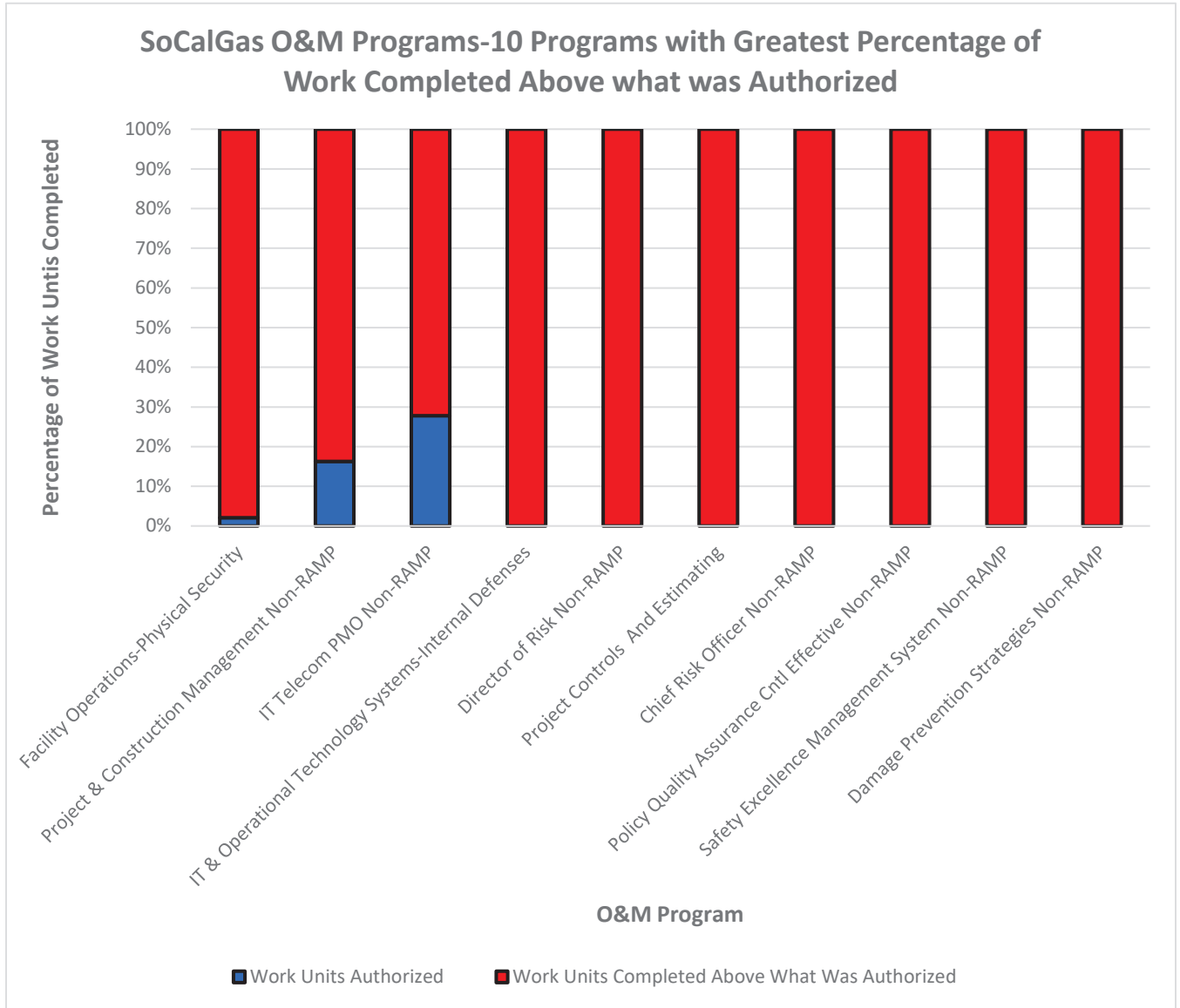
Figure 1: SoCalGas Capital Programs-Unaccounted for Funds above authorized amounts by Dollar Amount^{6, 7}



⁶ Derived from the Sempra Utilities 2023 RSAR, Attachment B, SoCalGas Tables.

⁷ For SoCalGas, these are the only capital programs that showed an overspend (eight in total).

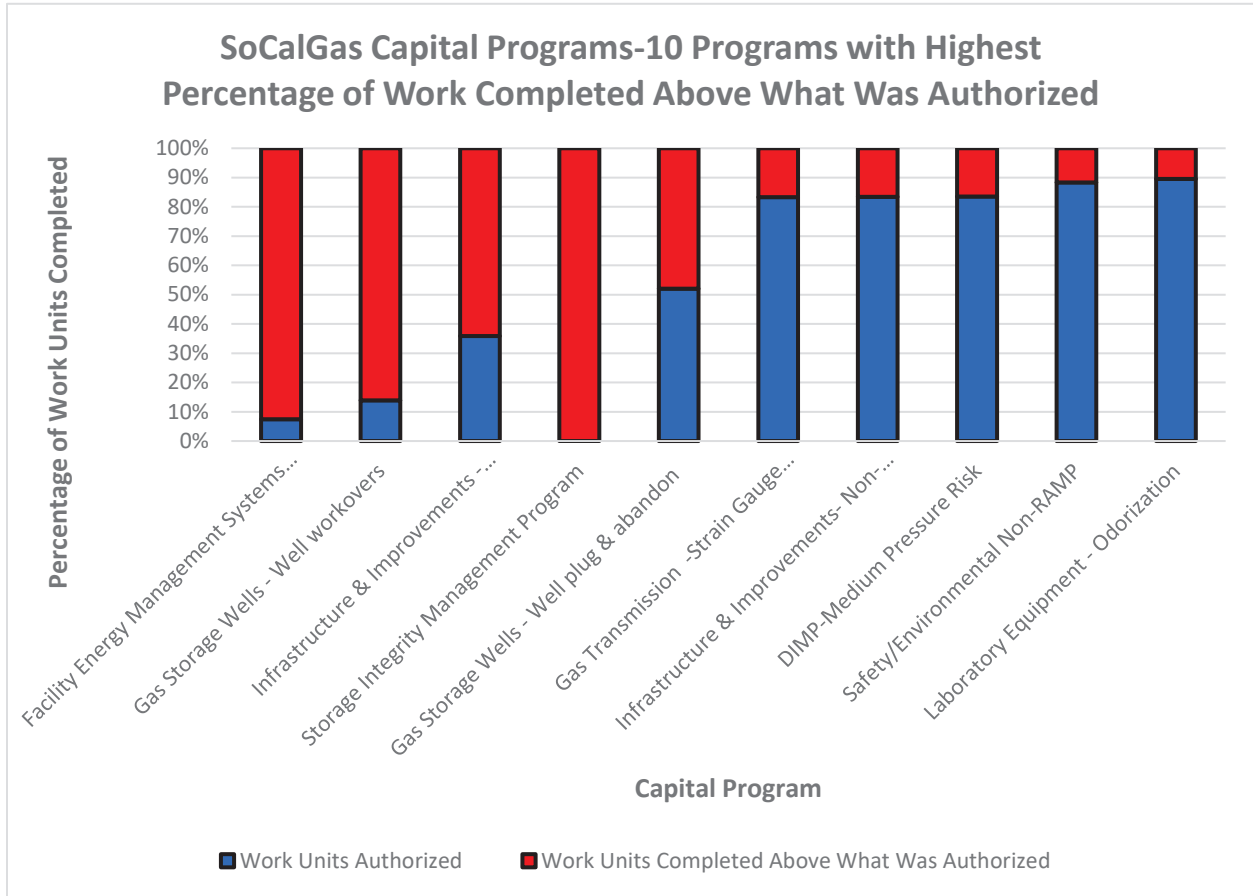
Figure 15: SoCalGas O&M Programs-10 Programs With Highest Percentage of Work Completed Above What Was Authorized^{8, 2}



⁸ Derived from the Sempra Utilities 2023 RSAR, Attachment B, SoCalGas Tables.

² This graphic depicts work that was completed above what was authorized. For example, for the program “IT Telecom PMO Non-RAMP”, roughly 27% of the work that was completed (in blue) was authorized in their Test Year 2019 GRC. For the program “Project Controls and Estimating”, all of the work completed (in red) was more than what was authorized in their Test Year 2019 GRC.

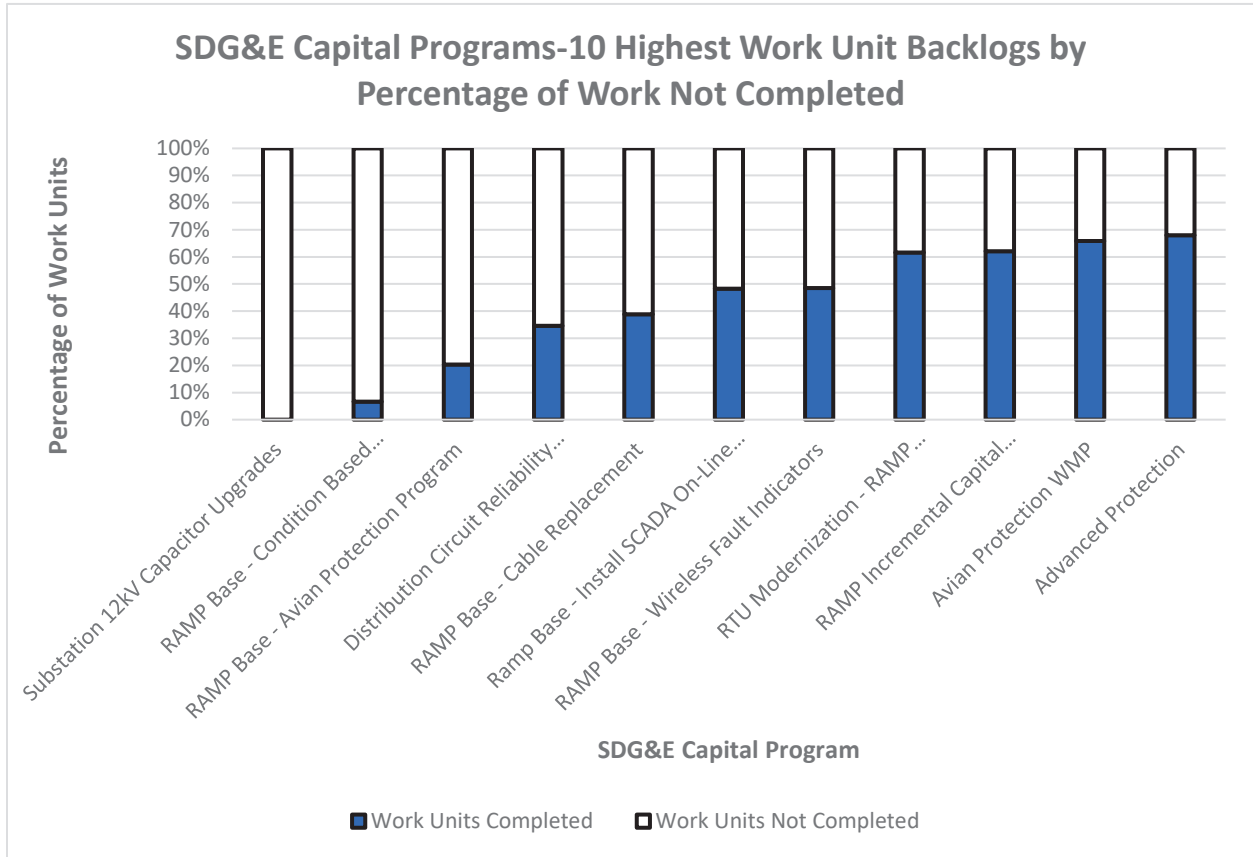
Figure 16: SoCalGas Capital Programs-10 Programs With Highest Percentage of Work Completed Above What Was Authorized^{10, 11}



¹⁰ Derived from the Sempra Utilities 2023 RSAR, Attachment B, SoCalGas Tables.

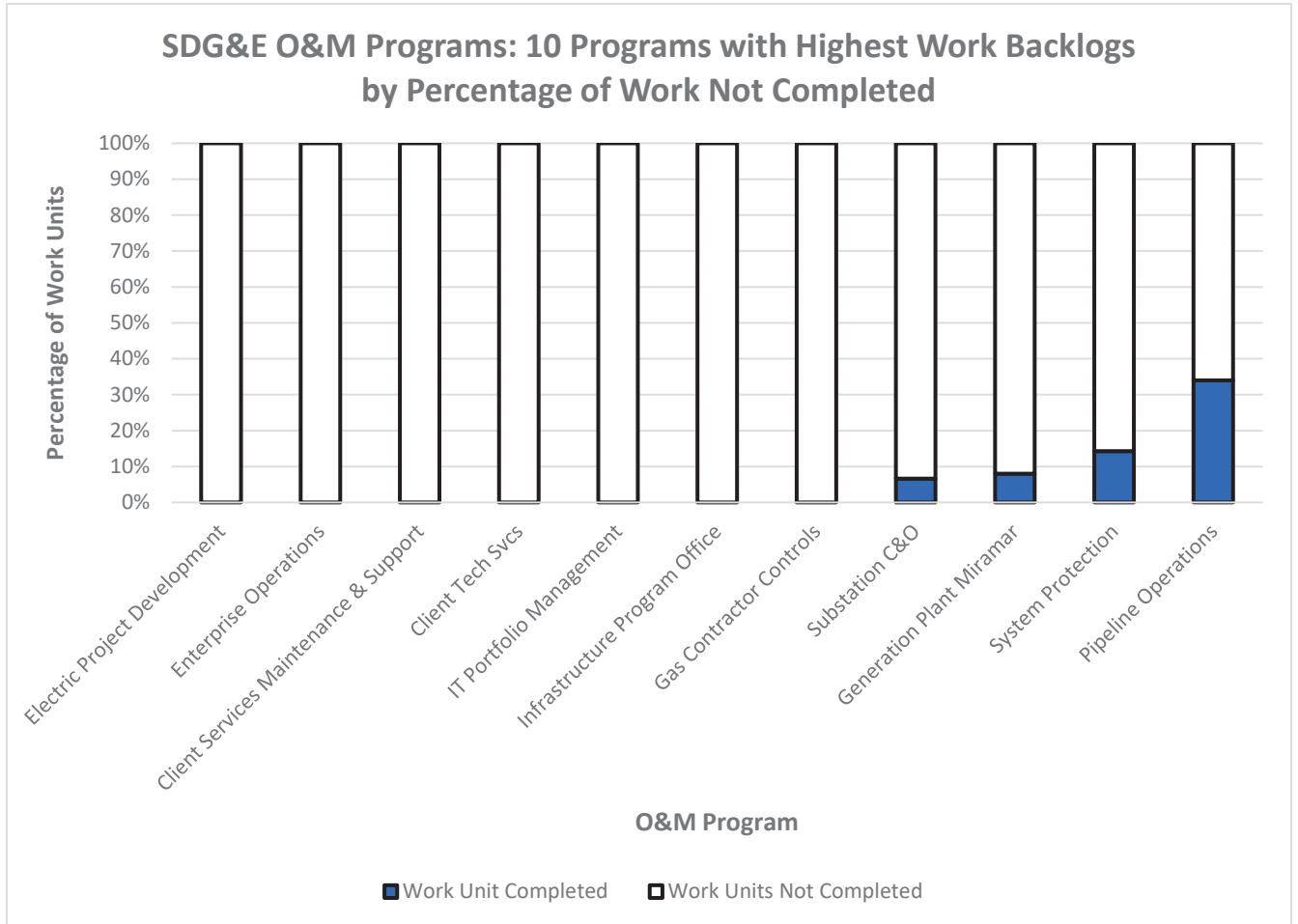
¹¹ This graphic depicts work that was completed above what was authorized. For example, for the program “Gas Storage Wells-Well Workovers” roughly 15% of the work that was completed (in blue) was authorized in their Test Year 2019 GRC.

Figure 2 SDG&E Capital Programs: 10 Highest work unit backlogs¹²



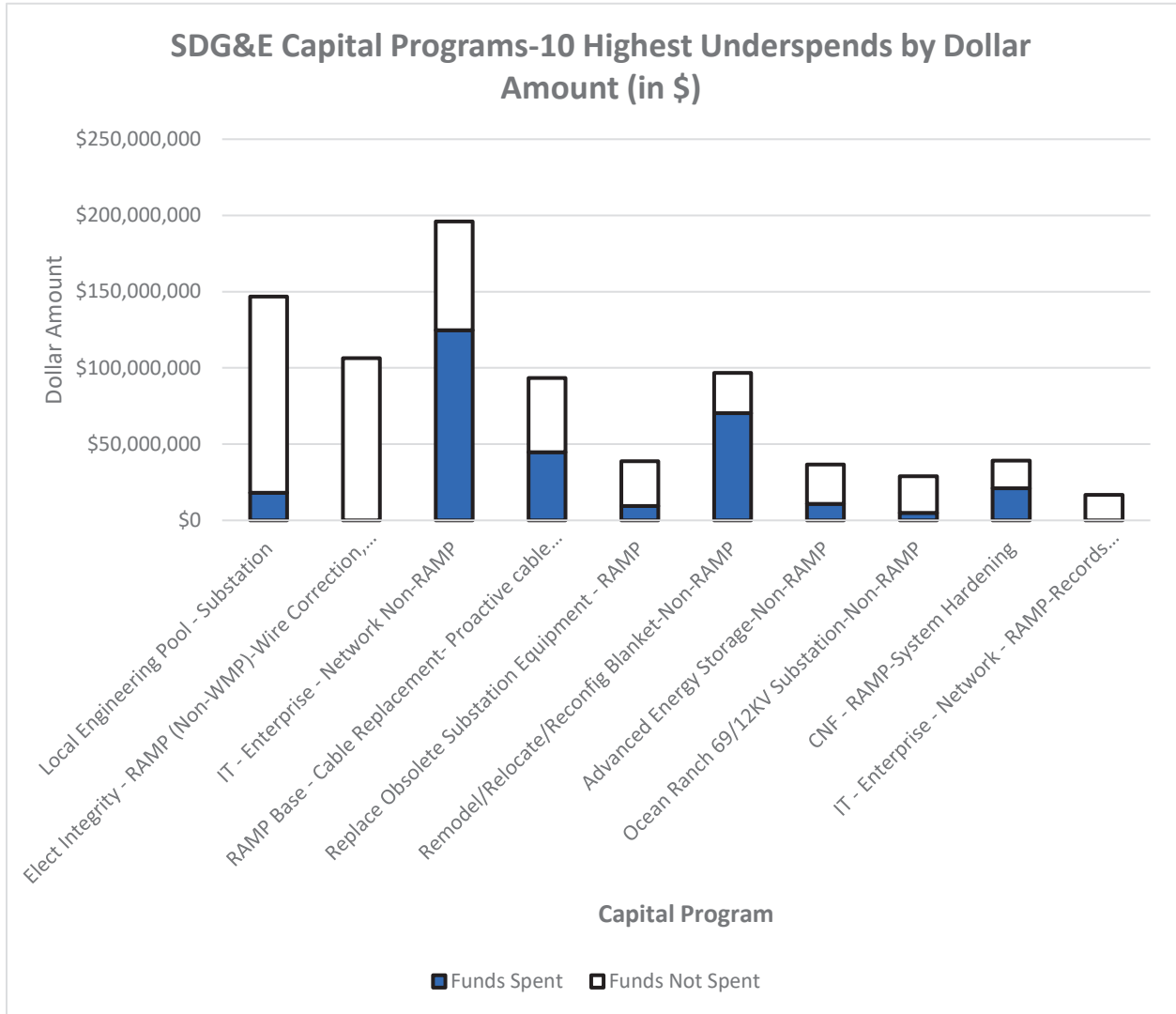
¹² Derived from the Sempra Utilities 2023 RSAR, Attachment B, SoCalGas Tables.

Figure 18: SDG&E O&M Programs- 10 Highest Work Unit Backlogs¹³



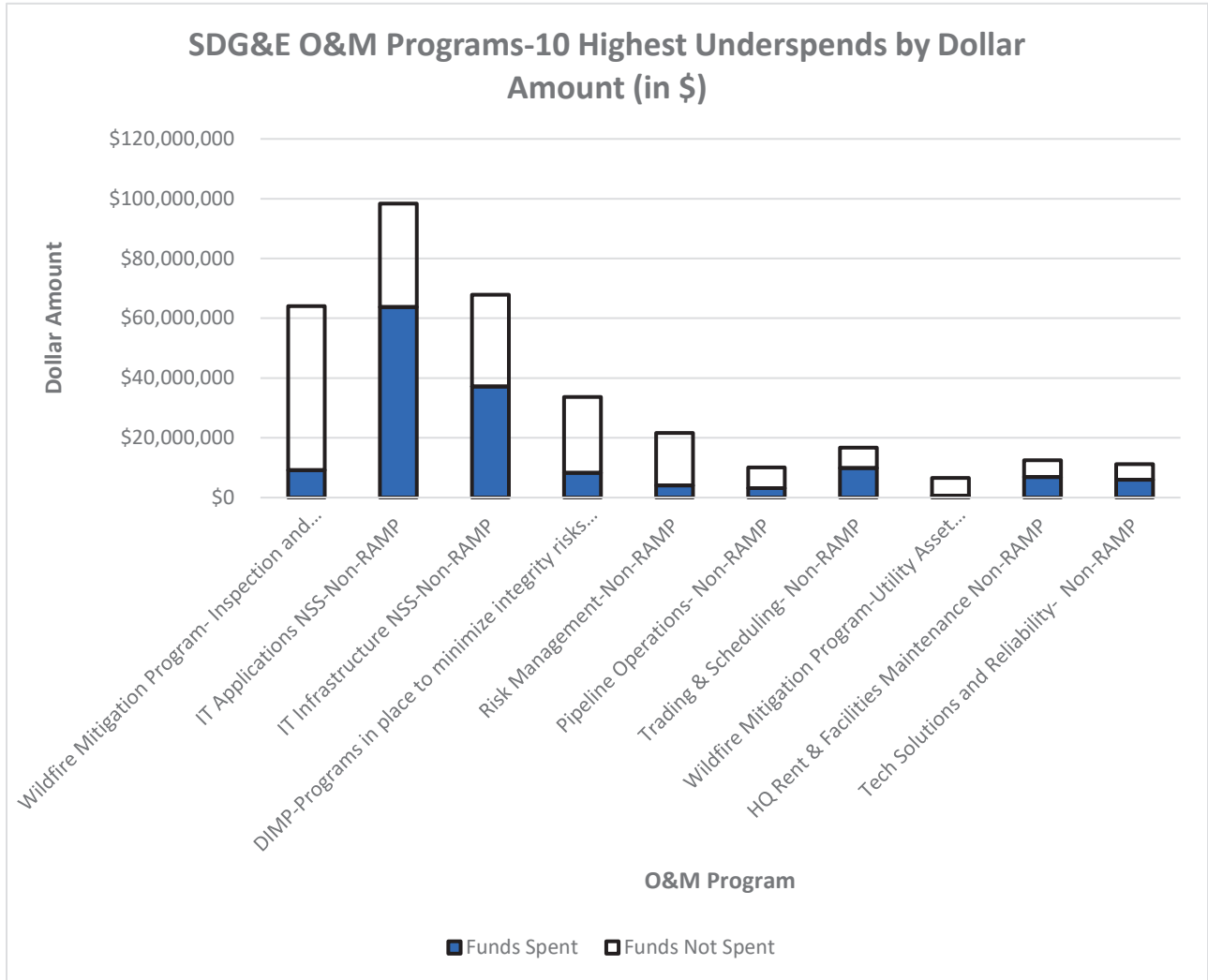
¹³ Derived from the Sempra Utilities 2023 RSAR, Attachment A, SDG&E Tables.

Figure 19 SDG&E Capital Programs- 10 Highest Unaccounted for Funds below authorized amounts by Dollar Amount¹⁴



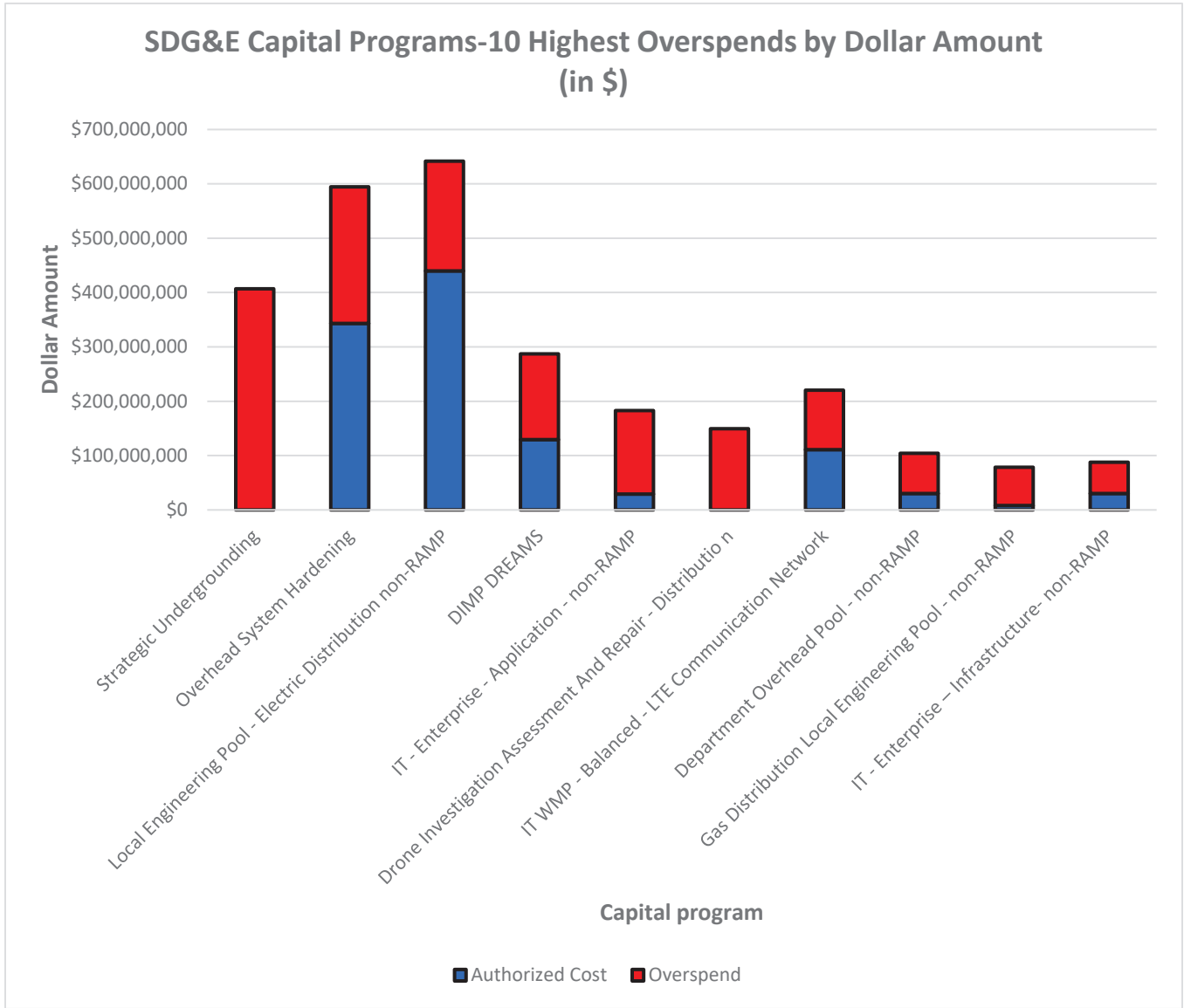
¹⁴ Derived from the Sempra Utilities 2023 RSAR, Attachment A, SDG&E Tables.

Figure 20: SDG&E O&M Programs- 10 Highest Unaccounted for Funds below authorized amounts by Dollar Amount¹⁵



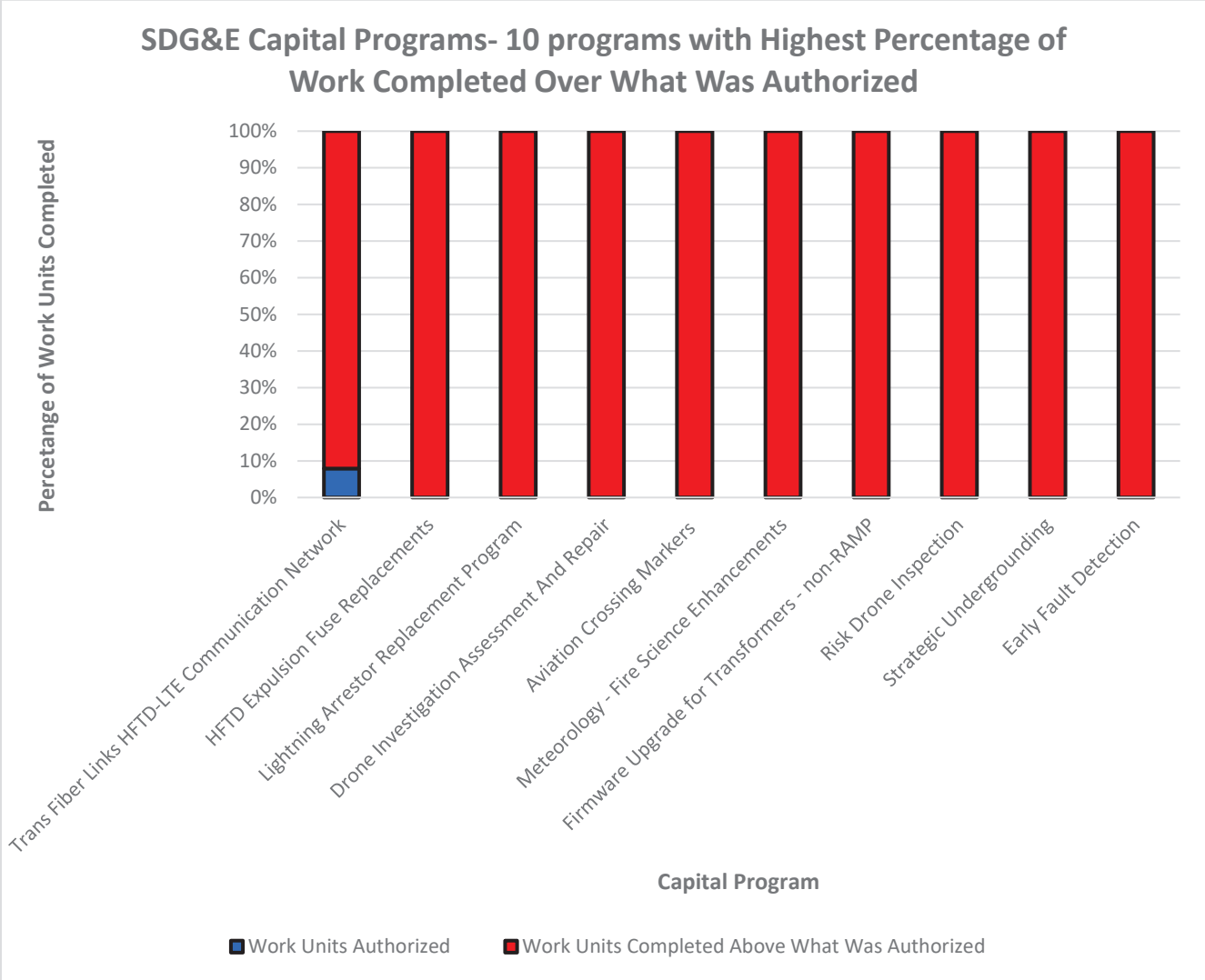
¹⁵ Derived from the Sempra Utilities 2023 RSAR, Attachment A, SDG&E Tables.

Figure 21: SDG&E Capital Programs-10 Highest Overspends by Dollar Amount¹⁶



¹⁶ Derived from the Sempra Utilities 2023 RSAR, Attachment A, SDG&E Tables.

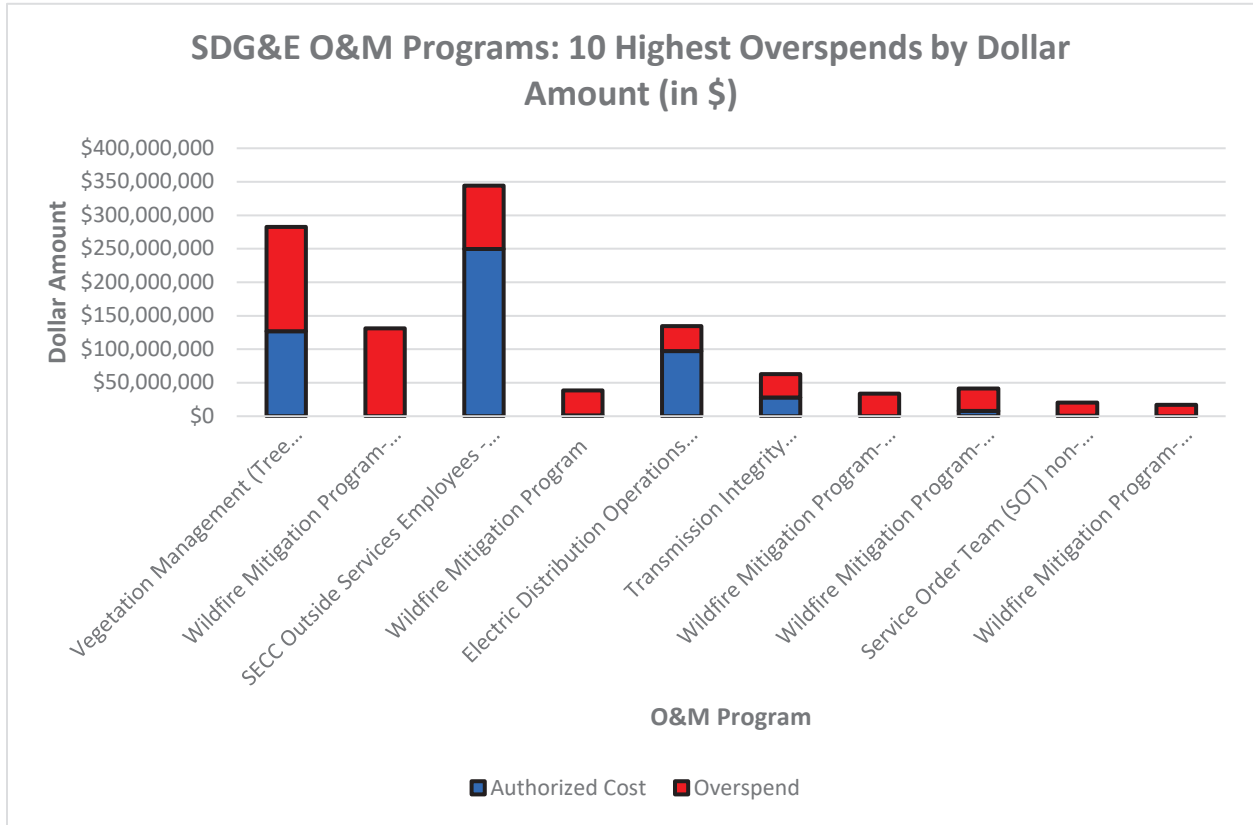
Figure 3: SDG&E Capital Programs-10 Programs with Highest Percentage of Work Completed Over What Was Authorized^{17, 18}



¹⁷ Derived from the Sempra Utilities 2023 RSAR, Attachment A, SDG&E Tables.

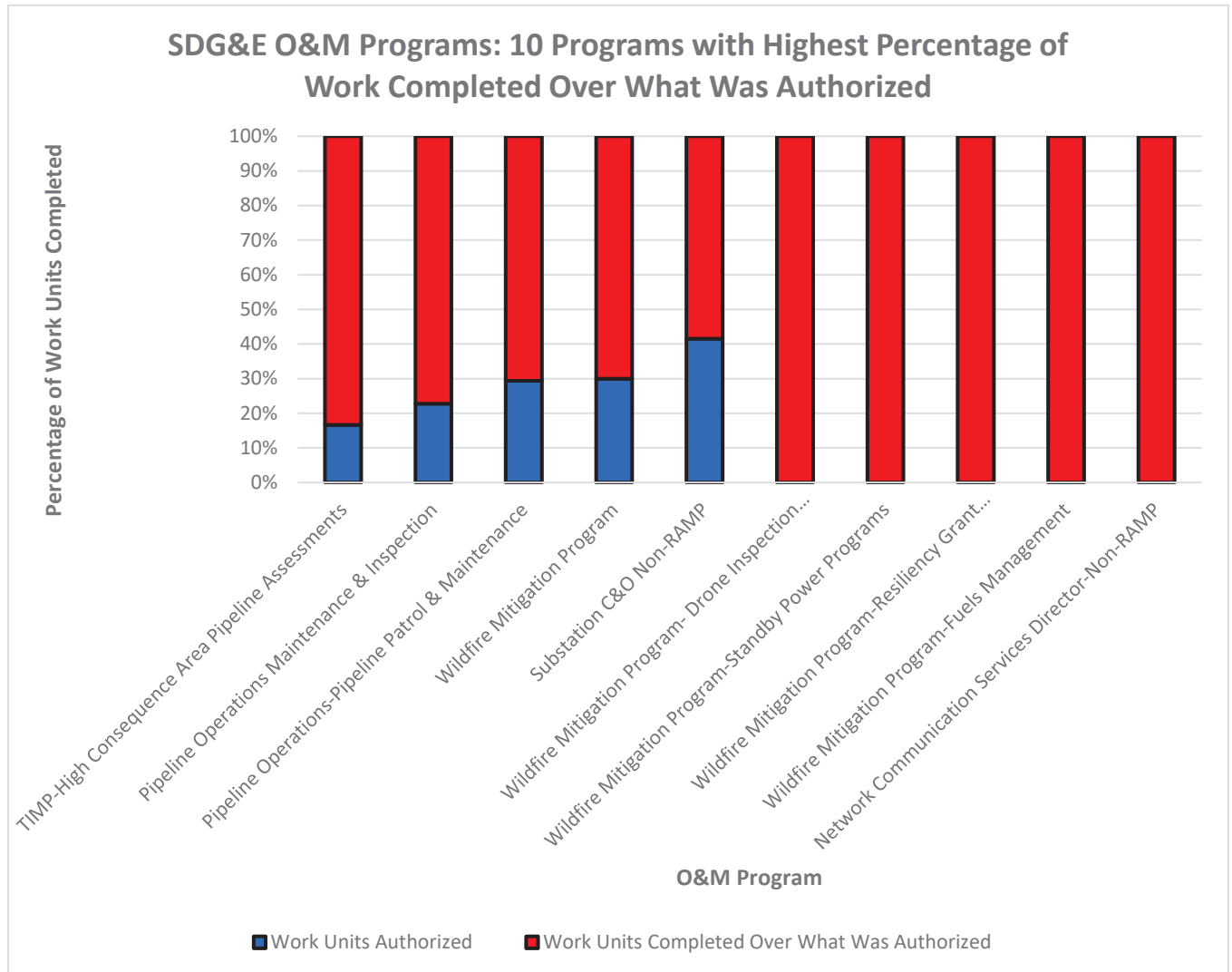
¹⁸ This graphic depicts work that was completed above what was authorized. For example, for the program “Trans Fiber Links HFTD-LTE Communication Network”, roughly 9% of the work that was completed (in blue) was authorized in their Test Year 2019 GRC. For the program “Drone Investigation Assessment and Repair”, all of the work completed (in red) was more than what was authorized in their Test Year 2019 GRC.

Figure 23: SDG&E O&M Programs- 10 Highest Unaccounted for Funds above Authorized Amounts by Dollar Amount¹⁹



¹⁹ Derived from the Sempra Utilities 2023 RSAR, Attachment A, SDG&E Tables.

Figure 24 SDG&E O&M Programs: 10 Programs with Highest Percentage of Work Completed Over What Was Authorized²⁰²¹



²⁰ Derived from the Sempra Utilities 2023 RSAR, Attachment A, SDG&E Tables.

²¹ This graphic depicts work that was completed above what was authorized. For example, for the program “Pipeline Operations Maintenance & Inspection”, roughly 23% of the work that was completed (in blue) was authorized in their Test Year 2019 GRC. For the program “Wildfire Mitigation Program-Standby Power Programs”, all of the work completed (in red) was more than what was authorized in their Test Year 2019 GRC.

Appendix B- Sempra Utilities Discovery Responses to Cal Advocates

Data Request Number: RSAR-PAO-001

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 6/7/2024

Date Responded: 6/21/2024

Question 1

On p. B-97 of The Sempra Utilities’ 2023 RSAR, SoCalGas states that it completed 33 fewer miles of work than authorized for Operations and Maintenance (O&M) for its Pipeline Safety Enhancement Program for the 2023 GRC cycle (valued at \$136.4 million). SoCalGas further states that in 2023 it underspent the O&M portion of the program by \$20.3 million, even as it completed 9 more miles of work than were authorized.

SoCalGas states that the reason for the 2023 underspending is as follows: “The actual spending in 2023 is attributed to the completion of one previously deferred project (L2001W-D) and the planning of future projects. Additional projects including L1030 were planned to be completed in 2023 but were deferred because: 1) isolation of the line would impact SoCalGas’s ability to maintain system reliability (one project); 2) extreme weather event [Hurricane Hilary] impacting operations (one project); and 3) project redesign was required due to community input (one project).” SoCalGas does not provide an explanation for the 33-mile unit under-completion for the Test year 2019 GRC period. SoCalGas additionally requested \$54.2 million in new PSEP O&M funding in its currently pending Test Year 2024 GRC Application.^[1]

Is all of the \$54.2 million requested in SoCalGas’ Test Year 2024 GRC application to be allocated to new PSEP projects (i.e. projects for which funding was not requested in the Test Year 2019 GRC application)? If not, please explain.

Please provide a step-by-step plan and timeline for completion for the abovementioned 33 miles of incomplete PSEP work for the 2019 GRC cycle in the below table (adding rows as needed). Include how SoCalGas will execute completion of each step provided for completion of this work. The final row should show the completion of this incomplete work.

Step towards completion of incomplete work	How SoCalGas will Execute this Step	Beginning Date of Step	End Date of Step
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Data Request Number: RSAR-PAO-001

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 6/7/2024

Date Responded: 6/21/2024

SoCal Gas Response 1a:

On page B-97 of the 2023 RSAR, SoCalGas states it underspent \$136.4 million for the entire 2019 GRC Cycle, years 2019 through 2023, for the O&M component of hydrotest projects in its Pipeline Safety Enhancement Program (PSEP). Similarly, for the 2019 GRC cycle, SoCalGas states a unit variance of –33 miles total from 2019 through 2023 (p. B-98).

For 2023 specifically, SoCalGas reported 15 miles completed (p.B-98) compared to 0 imputed units. As stated in the 2023 RSAR on page B-96, for the year 2023 specifically, the imputed authorized cost for Total PSEP O&M is \$66.4 million, and SoCalGas underspent 2023 hydrotest projects by \$20.3 million (p.B-97).

The \$54.2 million requested in the SoCalGas Test Year 2024 GRC application represents the anticipated level of executable spending for the 2024 GRC cycle rather than a project-specific forecast. Therefore, this executable level of spending will include projects that were deferred for the reasons stated in the RSAR as well as new projects in order to meet the Commission directive to execute PSEP as soon as practicable. Please note the \$54.2 million represents an approximately 18% reduction compared to 2021 Adjusted-Recorded. As stated in the testimony of Bill Kostelnik (Exhibit SCG-08 at BGK-10), rather than presenting a forecast that relies on the execution of specific projects in specific years (as was the case in A.17-10-008, (the TY 2019 GRC), SoCalGas is instead requesting authorization to establish a revenue requirement based on an anticipated level of executable spending from a portfolio of 33 Phase 1B and Phase 2A pipeline projects. This method is most appropriate because many of the projects within this portfolio are located on large-diameter transmission lines that support the overall reliability of SoCalGas natural gas pipeline system and are thus subject to interactive dependencies. Due to SoCalGas's obligation to support and maintain system capacity and reliability, previously planned projects that require shut-ins on these lines may be delayed for later execution, which often occurs after detailed design has been completed and a project is ready to be constructed. Additionally, permitting challenges may also impact the ability to execute projects as scheduled. These circumstances limit SoCalGas's ability to execute projects according to previously determined schedules and drove the transition away from a project-specific forecast. For additional information, see Exhibit SCG-08 at BGK-19 to 20.

Data Request Number: RSAR-PAO-001

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 6/7/2024

Date Responded: 6/21/2024

SoCal Gas Response 1b:

SoCalGas objects to the Request on the grounds that the request calls for SoCalGas to create documents not already in SoCalGas’s possession. SoCalGas further objects to the extent that the request assumes or imposes a requirement on SoCalGas that it prepare a “plan and timeline for completion” of certain work. SoCalGas manages its costs over the GRC cycle and prioritizes and reprioritizes projects as conditions warrant. The Commission explicitly recognizes that actual spending may differ from GRC authorized amounts: “The Commission has always acknowledged that utilities may need to reprioritize spending between GRCs.” (D.20-01-002 at 38.)

Subject to and without waiving this objection, SoCalGas responds as follows:

The L225 project will hydrotest approximately 8.1 miles of pipeline starting from Gorman continuing southeast to Angeles National Forest. The L1030 project will hydrotest approximately 25.6 miles of pipeline from Desert Center continuing west to the start of L2001W. The following steps address how the projects will be executed:

Step towards completion of incomplete work	Project¹	How SoCalGas will Execute this Step
Initiation	L225	Analyze the pipeline attribute records survey and mapping activities and site visits.
	L1030	
Preliminary design	L225	Information is updated, and new information is acquired regarding the permit conditions, existence of substructures, land rights, environmental issues, etc. that may differ from original assumptions.
	L1030	
Detailed design and procurement	L225	Finalize design and construction documents, secure necessary permits, and purchase, receive, inspect pipeline materials to turn over to construction contractors.
	L1030	
Construction	L225	Monitor scope, cost and schedule, and construction contractors are mobilized. Perform commissioning and operating activities to achieve completion certification for project.
	L1030	
Close out	L225	Finalize as-built drawings and upload updated information into company’s documentation and recordkeeping system to reflect final scope of work.
	L1030	

SoCalGas anticipates that Line 1030 will go into construction in July 2024, and Line 225 will go into construction in June 2028.

¹ Project stage beginning and end dates are subject to change.

Data Request Number: RSAR-PAO-001

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 6/7/2024

Date Responded: 6/21/2024

Question 2

On p. B-102 of The Sempra Utilities' 2023 RSAR, SoCalGas stated that it did not complete 12 miles of PSEP Pipeline Replacement capital projects within the Test Year 2019 GRC cycle (valued at \$30.1 million). In spite of this, SoCalGas reports it spent 100% more and completed 100% more work than authorized in the year 2023.

SoCalGas states that "The unit variance [for 2023] is attributed to the 5 projects completed in 2023: 0.461 miles of SL36-9-09N Section 15 replaced, 0.008 miles of SL 38-100 replaced, 0.027 miles of L133 derated, 1.102 miles of SL38-2101 derated, and 7.964 miles of SL41-6000 abandoned."^[2]

SoCalGas further states "At the time of the 2019 GRC filing (which preceded the Commission's order for SoCalGas to modify the rate case cycle to include 2022 and 2023), no replacement projects were planned to go into construction in 2023. The costs incurred in 2023 were primarily attributed to 1 previously deferred project (SL36-9-09N Section 15 Replacement) and 4 accelerated projects included in the 2024 GRC (SL38-100, L133, SL 38-2101, SL 41-6000). A portion of the capital spend reported for replacement projects includes derate/abandonment projects. Other additional costs were incurred in 2023 for the planning of future replacement projects."^[3]

SoCalGas also requested \$73.8 million in PSEP capital in its pending Test year 2024 GRC application.^[4]

- a. Why does SoCalGas report a 100% unit and cost variance for the year 2023, even as it reports an underspend and non-completion of 12 miles of work for the 2019 GRC cycle?

Data Request Number: RSAR-PAO-001

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 6/7/2024

Date Responded: 6/21/2024

SoCal Gas Response 2a:

On page B-103 of The Sempra Utilities' 2023 RSAR, SoCalGas stated that it did not complete 13 miles of PSEP Pipeline Replacement capital projects over the Test Year 2019 GRC cycle.

In the 2019 General Rate Case filing (A.17-10-008), SoCalGas presented a forecast based on 11 replacement projects specific to 2019-2021. When the Petition for Modification to extend the 2019 GRC cycle from three to five years was adopted by the Commission in D.21-05-003, two additional years were authorized, 2022 and 2023. While replacement projects were added for the fourth year (2022) of the extended GRC cycle, no additional replacement projects were identified or authorized for the fifth year (2023). Because of this, any projects completed in 2023 would yield a +100% dollar and unit variance. One previously deferred project was completed in 2023, as explained on page B-104 of the 2023 RSAR. Response to Question 2c below details the replacement project yet to be executed from the 2019 GRC cycle and the current plan to complete it.

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Question 2-Continued

- b. Is all of the abovementioned \$73.8 million requested in SoCalGas' pending Test Year 2024 GRC application for new PSEP pipeline replacement projects (i.e. projects for which funding was not requested in the Test Year 2019 GRC application)? If not, please explain.

SoCal Gas Response 2b:

The \$73.8 million requested for Test Year 2024, along with the 2022 and 2023 forecast/actuals, in the SoCalGas Test Year 2024 GRC application represent the anticipated level of executable spending for the 2024 GRC cycle rather than a project-specific forecast. Therefore, this executable level of spending will include projects that were deferred for the reasons stated in the RSAR. As stated in the testimony of Bill Kostelnik (Exhibit SCG-08 at BGK-10) and as stated in our response to Question 1a above, rather than presenting a forecast that relies on the execution of specific projects in specific years (as was the case in the TY 2019 GRC), SoCalGas is instead requesting authorization to establish a revenue requirement based on an anticipated level of executable spending from a portfolio of 33 Phase 1B and Phase 2A pipeline projects. This method is most appropriate because many of the projects within this portfolio are located on large-diameter transmission lines that support the overall reliability of SoCalGas natural gas pipeline system and are thus subject to interactive dependencies. Due to SoCalGas's obligation to support and maintain system capacity and reliability, previously planned projects that require shut-ins on these lines may be delayed for later execution, which often occurs after detailed design has been completed and a project is ready to be constructed. Additionally, permitting challenges may also impact the ability to execute projects as scheduled. These circumstances limit SoCalGas's ability to execute projects according to previously determined schedule. For additional information, see Exhibit SCG-08, pages BGK-19 to BGK-20.

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Question 2-Continued

- c. Please provide a step-by-step plan and timeline for completion for the abovementioned 12 miles of incomplete PSEP work for the 2019 GRC cycle in the below table (adding rows as needed). Include how SoCalGas will execute completion of each step provided for completion of this work. The final row should show the completion of this incomplete work.

SoCal Gas Response 2c:

SoCalGas objects to the Request on the grounds that the request calls for SoCalGas to create documents not already in SoCalGas’s possession. SoCalGas further objects to the extent that the request assumes or imposes a requirement on SoCalGas that it prepare a “plan and timeline for completion” of certain work. SoCalGas manages its costs over the GRC cycle and prioritizes and reprioritizes projects as conditions warrant. The Commission explicitly recognizes that actual spending may differ from GRC authorized amounts: “The Commission has always acknowledged that utilities may need to reprioritize spending between GRCs.” (D.20-01-002 at 38.)

Subject to and without waiving this objection, SoCalGas responds as follows:

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SoCalGas accelerated projects planned to be completed in the TY 2024 GRC cycle to accommodate project delays from the TY 2019 GRC cycle. The mileage yet to be completed in the TY 2019 GRC cycle is primarily attributed to the L85 Elk Hills to Lake Station project, which will replace approximately 13 miles of pipe between Elk Hills Road and Lake Station in Kern County²:

Step towards completion of incomplete work	How SoCalGas will Execute this Step
Initiation	Analyze the pipeline attribute records survey and mapping activities and site visits.
Preliminary design	Information is updated, and new information is acquired regarding the permit conditions, existence of substructures, land rights, environmental issues, etc. that may differ from original assumptions.
Detailed design and procurement	Finalize design and construction documents, secure necessary permits, and purchase, receive, inspect pipeline materials to turn over to construction contractors.
Construction	Monitor scope, cost and schedule, and construction contractors are mobilized. Perform commissioning and operating activities to achieve completion certification for project.
Close out	Finalize as-built drawings and upload updated information into company's documentation and recordkeeping system to reflect final scope of work.

Line 85 Elk Hills to Lake Station is anticipated to begin construction in October 2027.

² Project stage beginning and end dates are subject to change.

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Question 3

On p. B-102 of The Sempra Utilities' 2023 RSAR, SoCalGas states that it underspent by \$2.966 million on PSEP Hydrotest Capital. SoCalGas also reports that it overspent by 22.3 million on this program for the year 2023.^[5] SoCalGas states the following to explain the 2023 overspend:

At the time of the 2019 GRC filing (which preceded the Commission's order for SoCalGas to modify the rate case cycle to include 2022 and 2023), no hydrotest projects were planned to go into construction in 2023. One project (L2001W-D) was completed in 2023. One previously deferred project (L1030) and four accelerated 2024 GRC projects (L1005, L404, SL 31-09, SL 31-09-C) were planned to be completed in 2023. However, the projects were deferred because: 1) isolation of the line would impact SoCalGas's ability to maintain system reliability (3 projects); 2) weather [Hurricane Hilary] impacting operations (1 project); and 3) project redesign was required due to community input (1 project). Other additional costs were incurred in 2023 for the planning of future projects.^[6]

SoCalGas does not report on work units for this program, stating that "The activities in Hydrotest Capital include labor and non-labor activities that can't be described as a single unit of measure. These activities are associated with the execution of hydrotest projects."^[7] However, SoCalGas does list the program as "deferred".

- A. Please list and describe each of the abovementioned activities in the Hydrotest Capital program.

SoCal Gas Response 3a:

PSEP hydrotest projects are a combination of O&M and Capital. To conduct a hydrotest, sections of the pipe need to be cut out to accommodate test heads for water to enter the pipeline and facilitate the test. After the test is complete, the test heads are cut out and a new tested section of pipe is installed. Certain small sections of the pipeline to be tested may also need to be replaced due to identified anomalies. Also, the sides of the pipeline that will not be tested must be welded with a cap which will be cut out after testing is completed. These aforementioned costs are Capital. However, costs associated with the actual hydrotest (i.e. the movement of water through the pipe including site mobilization/demobilization, excavation activities, and source water) are O&M.

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Question 3-Continued

- B. Why does SoCalGas report the PSEP Hydrotest Capital program as deferred, even as it does not report work units for the program?

SoCal Gas Response 3b:

The work units for the Capital Component of a PSEP hydrotest program are included in the units for the O&M Hydrotest Program to avoid the double counting of units. The O&M units (miles) encompass the entire PSEP remediation of the pipeline. Therefore, when a specific hydrotest project is deferred, both the O&M and Capital components are impacted. Please see response to Question 3a.

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Question 3-Continued

- C. Please provide a step-by-step plan and timeline for completion for the abovementioned deferred work in this program in the below table (adding rows as needed). Include how SoCalGas will execute completion of each step provided for completion of this work. The final row should show the completion of this incomplete work.

Step towards completion of incomplete work	How SoCalGas will Execute this Step	Beginning Date of Step	End Date of Step
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SoCal Gas Response 3c:

Please see the response to Question 1b.

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Question 4

On p. B-102 of The Sempra Utilities' 2023 RSAR, SoCalGas stated that it did not complete 145 PSEP valve replacement projects that were authorized in the Test Year 2019 GRC cycle (valued at \$30.1 million). In spite of this, SoCalGas reports it completed 23 more valve replacement projects than were authorized for the year 2023 and reports a \$53.2 million overspend for the year 2023. SoCalGas states the following to explain this reported overspend:

At the time of the 2019 GRC filing (which preceded the Commission's order for SoCalGas to modify the rate case cycle to include 2022 and 2023), no valve projects were planned in the 2019 GRC to go into construction in 2023. The overspend is attributed to the construction of 21 valve installation projects. 9 of the projects were previously deferred: 2 from 2019 and 7 from 2020. The remaining 12 projects that went into construction in 2023 were scoped subsequent to the SoCalGas 2019 GRC application, consistent with the valve enhancement plan as discussed therein. Additional costs were incurred in 2023 for the planning of future valve installation projects.^[8]

SoCalGas lists the program as “deferred”.^[9]

- a. How many scoped projects remain deferred within this program (that is, not yet constructed)?

SoCal Gas Response 4a:

In the 2023 RSAR, SoCalGas reports a unit to date difference of -149 PSEP valve replacement projects over the entire 2019 GRC cycle on page B-103 and a cost to date difference of -\$1.9 million on page B-102.

34 projects remain deferred as filed on the SoCalGas 2019 GRC application. These projects are planned to go into construction between now and Q4 2026. Due to scope validation subsequent to the filing of the SoCalGas 2019 GRC application and as noted in previous RSARs regarding changes to scope as ongoing, the total number of projects planned for the program changed from 284 as filed to 360. Of these, 267 have been constructed with 93 projects remaining (inclusive of the 34 deferred) that will be constructed between now and Q4 2026 (see response to Question 4b).

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Question 4 – Continued

- b. Please provide a step-by-step plan and timeline for completion for the abovementioned 145 incomplete valve installation projects in this program in the below table (adding rows as needed). Include how SoCalGas will execute completion of each step provided for completion of this work. The final row should show the completion of this incomplete work.

Step towards completion of incomplete work	How SoCalGas will Execute this Step	Beginning Date of Step	End Date of Step
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SoCal Gas Response 4b:

SoCalGas objects to the Request on the grounds that the request calls for SoCalGas to create documents not already in SoCalGas’s possession. SoCalGas further objects to the extent that the request assumes or imposes a requirement on SoCalGas that it prepare a “plan and timeline for completion” of certain work. SoCalGas manages its costs over the GRC cycle and prioritizes and reprioritizes projects as conditions warrant. The Commission explicitly recognizes that actual spending may differ from GRC authorized amounts: “The Commission has always acknowledged that utilities may need to reprioritize spending between GRCs.” (D.20-01-002 at 38.)

Subject to and without waiving this objection, SoCalGas responds as follows:

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93 projects remain to be constructed as noted in response to Question 4a. These projects are planned to go into construction between now and Q4 2026.

Step towards completion of incomplete work	Number of Projects³	How SoCalGas will Execute this Step
Initiation	Complete	Analyze the pipeline attribute records survey and mapping activities and site visits.
Preliminary design	11	Information is updated, and new information is acquired regarding the permit conditions, existence of substructures, land rights, environmental issues, etc. that may differ from original assumptions.
Detailed design and procurement	39	Finalize design and construction documents, secure necessary permits, and purchase, receive, inspect pipeline materials to turn over to construction contractors.
Construction	43	Monitor scope, cost and schedule, and construction contractors are mobilized. Perform commissioning and operating activities to achieve completion certification for project.
Close out	Pending Construction Completion	Finalize as-built drawings and upload updated information into company's documentation and recordkeeping system to reflect final scope of work.

³ Project stage beginning and end dates are subject to change.

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^[1] A.22-05-015/16, Application of the Southern California Gas Company (U904G) for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024 and Related Matter, Exhibit SCG-08 at BGK-37.

^[2] The Sempra Utilities' 2023 RSAR at B-104.

^[3] The Sempra Utilities' 2023 RSAR at B-104.

^[4] A.22-05-015/16, Exhibit SCG-08 at BGK-25.

^[5] The Sempra Utilities' 2023 RSAR at B-104.

^[6] The Sempra Utilities' 2023 RSAR at B-104.

^[7] The Sempra Utilities' 2023 RSAR at B-104.

^[8] The Sempra Utilities' 2023 RSAR at B-104.

^[9] The Sempra Utilities' 2023 RSAR at B-104.

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Question Five

On p. B-102 of The Sempra Utilities' 2023 RSAR, SoCalGas states that it underspent on Gas Distribution Main Replacements by \$15.9 million in the year 2023, and \$83.4 million for the Test Year 2019 GRC cycle.¹ On p. B-24 of the Sempra Utilities' 2023 RSAR, SoCalGas reports units completed for the two programs, but does not provide imputed authorized units for either program, stating it is "infeasible to identify a single imputed authorized unit of measurement." SoCalGas lists both the RAMP and non-RAMP portions of this work as "Proceeding as Planned".

- A. How is SoCalGas able to report units completed for these two programs, but not an equivalent imputed authorized unit?

SoCalGas Response 5A:

To clarify, the above referenced spend is found on page B-20 of the 2023 RSAR, not B-102. As stated in the 2023 RSAR, on page 31, the 2019 GRC application was filed before the S-MAP Phase 2 Decision RSAR requirements were adopted. The S-MAP Phase 2 Decision requires including work units where available in the 2023 RSAR; however, in most cases, no work units were presented in the 2019 GRC showing, and therefore, units were not specifically defined or authorized in the Commission's decision. Consistent with the S-MAP Phase 2 Decision, SoCalGas identified units of work to represent the RAMP and non-RAMP portions of the Main Replacements workpaper for the activities performed. However, SoCalGas was not able to identify an authorized unit of measurement. The forecast methodology chosen and authorized for the Main Replacements workpaper was a 5-year average. Historical average methodology has been accepted and approved by the CPUC. Unit costs in infrastructure replacement programs can span multiple years (e.g. planning costs incurred in 2022 for work completed in 2023) such that taking the annual expenditures and dividing by the total units does not provide an accurate unit cost. As such, determining what would have been the authorized unit was not feasible retroactively.

¹ This encompasses both non-RAMP and RAMP work areas for Gas Distribution main replacements.

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Question 5-Continued

- B. SoCalGas identifies the unit of measurement for non-RAMP gas distribution Main Replacements as “Field Completed Projects-Main Replacement”. How many main replacement projects in this category of work were scheduled but not completed in:
- a. The year 2023
 - b. Within the Test Year 2019 GRC cycle.

SoCal Gas Response 5Ba:

Unit costs within any replacement program, such as the Main Replacements workpaper, can span multiple years (e.g. planning costs incurred in 2022 for work completed in 2023 or similarly costs incurred in 2023 for work completed in 2024). For this reason, and as a means to not double-count units from one year to the next, the unit of measurement for the non-RAMP portion of the Main Replacements workpaper is Field Completed Projects-Main Replacement. Units are counted in the year the project is completed.

Replacement work is generally responsive to the conditions found in the field such as leakage, corrosion, or damage found on pipelines. Much of the work is not pre-planned. SoCalGas prioritizes its replacement activities based on risk. In many cases, replacement work is performed due to an immediate hazard identified in the field such as a code 1 (hazardous) leak. As this work is responsive to the conditions found through maintenance activities in the field, and prioritized based on the risk presented, SoCalGas does not have a list of projects that are “scheduled but not completed” for the year 2023.

SoCalGas Response 5Bb:

Please see response to Question 5Ba.

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Question 5-Continued

- C. SoCalGas identifies the unit of measurement for RAMP gas distribution Main Replacements as “Orders involving contracting for traffic control delineation materials”. How many such orders were scheduled but not completed within:
- a. The year 2023
 - b. Within the Test Year 2019 GRC cycle.

SoCal Gas Response 5Ca:

The need to purchase traffic control delineation materials would only be known after the need arises when a project goes to construction. As such, SoCalGas is not able to provide a response to this question.

SoCalGas Response 5Cb:

See response to Question 5Ca.

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Question 5-Continued

- D. Why does SoCalGas list both the RAMP and non-RAMP portions of this work as “Proceeding as Planned” even with a reported \$83.4 million underspend for the 2019 GRC cycle?

SoCalGas Response 5D:

The Main Replacements workpaper, which includes both the RAMP and non-RAMP portions, is a workpaper comprised of many individual projects. The volume of work can vary from year to year depending on the condition of the pipes as observed during maintenance activities, as well as how the company prioritizes replacement efforts. The work in the Main Replacements workpaper is generally reactive to conditions found in the field such as leakage, corrosion, or damage found on pipelines. The Main Replacements workpaper represents the projects that involve replacing main or main and service piping. The Service Replacements workpaper is a similar workpaper that represents service only replacements. Similar to the Main Replacements workpaper, the Service Replacements workpaper is reactive to conditions found in the field. SoCalGas prioritizes its replacement activities based on risk. During the Test Year 2019 GRC cycle, conditions requiring replacement were more commonly identified on services rather than mains. This resulted in the Service Replacement workpaper incurring higher costs than anticipated and the Main Replacement workpaper incurring lower costs than anticipated, as noted in the 2023 RSAR report on page B-28. SoCalGas views this as a normal fluctuation. SoCalGas views both workpapers to be “Proceeding as Planned” because the work within the workpapers is reactive to the conditions found in the field.

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Question 5-Continued

E. Please provide a step-by-step plan and timeline for completion for the abovementioned incomplete work for the 2019 GRC cycle in the below table (adding rows as needed). Include how SoCalGas will execute completion of each step provided for completion of this work. The final row should show the completion of this incomplete work.

Step towards completion of incomplete work	How SoCalGas will Execute this Step	Beginning Date of Step	End Date of Step
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SoCalGas Response 5E:

SoCalGas objects to the Request on the grounds that the request calls for SoCalGas to create documents not already in SoCalGas’s possession. SoCalGas further objects to the extent that the request assumes or imposes a requirement on SoCalGas that it prepare a “plan and timeline for completion” of certain work. SoCalGas manages its costs over the GRC cycle and prioritizes and reprioritizes projects as conditions warrant. The Commission explicitly recognizes that actual spending may differ from GRC authorized amounts: “The Commission has always acknowledged that utilities may need to reprioritize spending between GRCs.” (D.20-01-002 at 38.)

Subject to and without waiving this objection, SoCalGas responds as follows:

SoCalGas prioritizes its work among its Gas Distribution replacement portfolio in order to reduce risk and no additional work is planned or scheduled. As stated above in response to Question 5d, main and service replacement work is completed in response to findings in the field such as leakage, corrosion, or damage found on pipelines. As such, SoCalGas cannot provide the requested “step-by-step plan and timeline for completion.”

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Question Six

On p. B-72 of the Sempra Utilities' 2023 RSAR, SoCalGas states that it did not hire 1 Enterprise GIS employee compared to what was authorized in the year 2023 and did not hire 28 Enterprise GIS employees compared to what was authorized for the 2019 GRC cycle. SoCalGas states that "The variance is caused by the delay in plan development and difficulties in recruiting and onboarding qualified personnel."¹

A. What is the "plan" referred to in the phrase "delay in plan development" above?

SoCalGas Response 6a:

SoCalGas objects to this request on the grounds that it misstates facts and/or assumes facts that do not exist. Specifically, SoCalGas does not "state[]that it did not hire 1 Enterprise GIS employee compared to what was authorized in the year 2023 and did not hire 28 Enterprise GIS employees compared to what was authorized for the 2019 GRC cycle" on page B-72 of the 2023 RSAR. Subject to and without waiving the foregoing objection, SoCalGas responds as follows:

To clarify, page B-72 does not report units or variance explanations for any workpaper. The Enterprise Geographic Information System (eGIS) workpaper is comprised of two line-items. Based upon the units that are part of this question, it appears the reference is to the Non-RAMP line item, where the units match what was reported on page B-82. In addition, the quoted variance explanation applies to the RAMP line item (addressed in question 7 below), not to the Non-RAMP line item. Lastly, SoCalGas planned to hire 21 employees for this role over the GRC cycle (2019-2023) as discussed below, as opposed to 28 employees as stated in the question. With this clarification, SoCalGas responds as follows:

In responding to this question, SoCalGas discovered a transposition error in what was stated in the 2023 RSAR on page B-82. The imputed authorized units for 2021 through 2023 should be 21 FTEs instead of 12 FTEs for each year. As shown on page B-87, SoCalGas did not previously provide a variance explanation for the Non-RAMP line item because the unit variance would have been less than 20%. However, given the transposition error, SoCalGas provides its variance explanation here. Contractors and consultants were used for this initiative instead of internal FTEs due to difficulties in recruiting and onboarding qualified personnel. This results in a unit variance, whereas the dollar variance does not meet the variance explanation criteria.

¹ The Sempra Utilities' 2023 RSAR at B-87.

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Question 6-Continued

B. Please describe the “delay in plan development” referred to above.

SoCal Gas Response 6b:

Please refer to the response to Question 6a. The variance explanation quoted in this question relates to the RAMP line-item addressed in response to Question 7.

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Question 6-Continued

- C. Please list and describe the “difficulties in recruiting and onboarding qualified personnel” referred to above.

SoCal Gas Response 6c:

The difficulties in recruiting and onboarding qualified personnel include finding candidates with a degree in Geographic Information System (GIS) and relevant expertise or background in GIS.

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Question 6-Continued

D. How does SoCalGas plan to overcome the abovementioned “difficulties in recruiting and onboarding qualified personnel” going forward?

SoCal Gas Response 6d:

SoCalGas plans to overcome the abovementioned “difficulties in recruiting and onboarding qualified personnel” by expanding the recruitment search through various sources such as the use of third-party recruiting and staffing companies.

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Question 6-Continued

- E. Please provide a step-by-step plan and timeline for completion for the abovementioned incomplete work for the 2019 GRC cycle in the below table (adding rows as needed). Include how SoCalGas will execute completion of each step provided for completion of this work. The final row should show the completion of this incomplete work.

Step towards completion of incomplete work	How SoCalGas will Execute this Step	Beginning Date of Step	End Date of Step
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SoCal Gas Response 6e:

SoCalGas objects to the Request on the grounds that the request calls for SoCalGas to create documents not already in SoCalGas’s possession. SoCalGas further objects to the extent that the request assumes or imposes a requirement on SoCalGas that it prepare a “plan and timeline for completion” of certain work. SoCalGas manages its costs over the GRC cycle and prioritizes and reprioritizes projects as conditions warrant. The Commission explicitly recognizes that actual spending may differ from GRC authorized amounts: “The Commission has always acknowledged that utilities may need to reprioritize spending between GRCs.” (D.20-01-002 at 38.)

Subject to and without waiving this objection, SoCalGas responds as follows: SoCalGas refers Cal Advocates to its testimony, workpapers, and briefing in the TY 2024 GRC proceeding for details on SoCalGas’s planned projects and activities.

Additionally, as stated in response to Question 6a, the plan was performed with existing resources and a portion of the work in this area was augmented by contractors.

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Question Seven

On p. B-82 of the Sempra Utilities' 2023 RSAR, SoCalGas states that it did not hire 1 Enterprise GIS employee for Operational Compliance and Oversight compared to what was authorized in the year 2023 and did not hire 5 Enterprise GIS employees for Operational Compliance and Oversight compared to what was authorized for the 2019 GRC cycle. SoCalGas states that "The variance is caused by the delay in plan development and difficulties in recruiting and onboarding qualified personnel."²

A. What is the "plan" referred to in the phrase "delay in plan development" above?

SoCal Gas Response 7a:

To clarify, page B-82 does not report variance explanations for any workpaper. The Enterprise Geographic Information System (eGIS) workpaper is comprised of two line-items. Based upon the units that are part of this question, it appears to be referring to the RAMP line item, where the units match what was reported on page B-82 and the variance explanation was provided on page B-87. SoCalGas planned to hire 1 employee for this role as reported in each of the Imputed Authorized cells over the GRC cycle (2019-2023) on page B-82, as opposed to 5 employees as stated in the question. With this clarification, SoCalGas responds as follows:

The plan in the phrase "delay in plan development" refers to verifying that documentation is linked to asset data in GIS and Maintenance Management Systems.

² The Sempra Utilities' 2023 RSAR at B-87.

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Question 7-Continued

B. Please describe the “delay in plan development” referred to above.

SoCal Gas Response 7b:

The delay in plan development refers to waiting for the completion of the OpenText Team implementation to convert and reconcile various existing electronic and non-electronic data sources into a single robust database in order to manage, store, preserve, and deliver key documents and information.

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Date Responded: 6/21/2024

Question 7-Continued

- C. Please list and describe the “difficulties in recruiting and onboarding qualified personnel” referred to above.

SoCal Gas Response 7c:

The difficulties in recruiting and onboarding qualified personnel include finding candidates with a degree in Geographic Information System (GIS) and relevant expertise or background in GIS.

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Publish To: Public Advocates Office

Date Received: 6/7/2024

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Question 7-Continued

D. How does SoCalGas plan to overcome the abovementioned “difficulties in recruiting and onboarding qualified personnel” going forward?

SoCal Gas Response 7d:

SoCalGas plans to overcome the abovementioned “difficulties in recruiting and onboarding qualified personnel” by expanding the recruitment search through various sources such as the use of third-party recruiting and staffing companies.

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Date Received: 6/7/2024

Date Responded: 6/21/2024

Question 7-Continued

- E. Please provide a step-by-step plan and timeline for completion for the abovementioned incomplete work for the 2019 GRC cycle in the below table (adding rows as needed). Include how SoCalGas will execute completion of each step provided for completion of this work. The final row should show the completion of this incomplete work.

Step towards completion of incomplete work	How SoCalGas will Execute this Step	Beginning Date of Step	End Date of Step
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SoCal Gas Response 7e:

SoCalGas objects to the Request on the grounds that the request calls for SoCalGas to create documents not already in SoCalGas’s possession. SoCalGas further objects to the extent that the request assumes or imposes a requirement on SoCalGas that it prepare a “plan and timeline for completion” of certain work. SoCalGas manages its costs over the GRC cycle and prioritizes and reprioritizes projects as conditions warrant. The Commission explicitly recognizes that actual spending may differ from GRC authorized amounts: “The Commission has always acknowledged that utilities may need to reprioritize spending between GRCs.” (D.20-01-002 at 38.)

Subject to and without waiving this objection, SoCalGas responds as follows: SoCalGas refers Cal Advocates to its testimony, workpapers, and briefing in the TY 2024 GRC proceeding for details on SoCalGas’s planned projects and activities.

Also, as discussed above, SoCalGas plans to expand its recruiting efforts after data contents and process systems have been completed for medium pressure work orders in OpenText.

Data Request Number: RSAR-PAO-001

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

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Date Received: 6/7/2024

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Question Eight

On p. B-83 of the Sempra Utilities' 2023 RSAR, SoCalGas states that it did not hire 15 employees for records management for operational compliance and oversight compared to what was authorized for the year 2023 and did not hire 53 such employees compared to what was authorized for the Test year 2019 GRC cycle. SoCalGas states that the reason for this is that "This area was forecasted to expand to perform enhanced activities, however, this variance is caused by the delay in plan development and difficulties in recruiting and onboarding qualified personnel."

A. What is the "plan" referred to in the phrase "delay in plan development" above?

SoCal Gas Response 8a:

To clarify, page B-83 does not report variance explanations for any workpaper. The Records Management – from 2200-2361 workpaper is comprised of two different RAMP line-items. Based upon the units that are part of this question, it appears to be referring to the Operational Compliance and Oversight line item, where the units match what was reported on page B-83 and the variance explanation on page B-88. SoCalGas was intending to hire 15 people for this role as reported in each of the Imputed Authorized cells over the GRC cycle (2019-2023) on page B-83 and not 53 employees as stated in the question. With this clarification, SoCalGas responds as follows:

In responding to this question, SoCalGas discovered a transposition error in what was stated in the 2023 RSAR on page B-83 for the Operational Compliance and Oversight line item and the Policy, Procedures, Standards and ESCMP line item. The imputed authorized units for 2019 and 2020 should have been 15 FTEs instead of 4 FTEs for each year for the Operational Compliance and Oversight line item and the imputed authorized units for 2019 and 2020 should have been 4 FTEs instead of 15 FTEs for each year for the Policy, Procedures, Standards and ESCMP line item.

The referenced plan is the effort around fully standing up the processes and architecture of the Asset Management Data Foundation/Records Management program to consolidate asset data across infrastructure assets. The ingestion of asset data is still in progress. The team has currently been focusing on Transmission Integrity Management Program (TIMP) and supporting Gas Transmission Safety Rules (GTSR) compliance requirements, and now will be expanding across all assets.

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Date Received: 6/7/2024

Date Responded: 6/21/2024

Question 8-Continued

B. Please describe the “delay in plan development” referred to above.

SoCal Gas Response 8b:

The delay in plan development is primarily because the program team had to pivot the Data Foundation/Records Management roadmap to fully focus on collecting and consolidating data sets that directly support newly-adopted GTSR compliance requirements (Mega Rule 2 document from Department of Transportation/Pipeline and Hazardous Materials Safety Administration which identifies data elements required for compliance in section 192.917(b)(1).) Although the majority of the data sets will improve analytics on TIMP assets, resources and time were devoted to collecting and cleaning the data to meet compliance needs. As a result, the overall asset management roadmap was focused heavily on meeting newly-adopted GTSR compliance requirements during this time.

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Question 8-Continued

- C. Please list and describe the “difficulties in recruiting and onboarding qualified personnel” referred to above.

SoCal Gas Response 8c:

Identifying additional resources with the requisite skills posed challenges, resulting in difficulties in onboarding qualified personnel beyond the existing headcount. Requisite skills include a few years of utility experience and a data engineering or data scientist background. As a result, SoCalGas identified employees and contractors within existing Asset Management and Integrity Management teams with the expertise and skills related to data consolidation and cleansing activities to address the newly-adopted GTSR compliance requirements. Leveraging both current contractors and internal resources with the necessary expertise, SoCalGas efficiently managed data in a short timeframe to meet compliance needs.

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Date Received: 6/7/2024

Date Responded: 6/21/2024

Question 8-Continued

- D. How does SoCalGas plan to overcome the abovementioned “difficulties in recruiting and onboarding qualified personnel” going forward?

SoCal Gas Response 8d:

SoCalGas’s TY 2024 GRC in Wallace Rawl’s testimony and workpaper for Gas System Staff and Technology (Ex. SCG-05 WR-19 to WR-37 and WP 2SI002) includes a request for funding for incremental hires necessary to build out the roadmap. In addition, the team will be working on streamlining the recruitment process to move from job application to acceptance more swiftly with clear expectation, onboarding plan, and more automation.

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Publish To: Public Advocates Office

Date Received: 6/7/2024

Date Responded: 6/21/2024

Question 8-Continued

- E. Please list and describe the abovementioned “enhanced activities” that were supposed to be performed within this program.

SoCal Gas Response 8e:

Enhanced activities include building out the 5-year roadmap and implementation plan that drives the organization to a data driven risk-based decision-making approach that allows for actionable asset plans and predictive analytics on company assets across SoCalGas to harness AI capabilities.

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Publish To: Public Advocates Office

Date Received: 6/7/2024

Date Responded: 6/21/2024

Question 8-Continued

F. Please provide a step-by-step plan and timeline for completion for the abovementioned incomplete work for the 2019 GRC cycle in the below table (adding rows as needed). Include how SoCalGas will execute completion of each step provided for completion of this work. The final row should show the completion of this incomplete work.

Step towards completion of incomplete work	How SoCalGas will Execute this Step	Beginning Date of Step	End Date of Step
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SoCal Gas Response 8f:

SoCalGas objects to the Request on the grounds that the request calls for SoCalGas to create documents not already in SoCalGas’s possession. SoCalGas further objects to the extent that the request assumes or imposes a requirement on SoCalGas that it prepare a “plan and timeline for completion” of certain work. SoCalGas manages its costs over the GRC cycle and prioritizes and reprioritizes projects as conditions warrant. The Commission explicitly recognizes that actual spending may differ from GRC authorized amounts: “The Commission has always acknowledged that utilities may need to reprioritize spending between GRCs.” (D.20-01-002 at 38.)

Subject to and without waiving this objection, SoCalGas responds as follows: SoCalGas refers Cal Advocates to its testimony, workpapers, and briefing in the TY 2024 GRC proceeding for details on SoCalGas’s planned projects and activities.

SoCalGas Data Foundation program is supporting the consolidation of TIMP data and addressing GTSR Compliance needs through Q3 2024 before moving on to Phase 2, Cloud Implementation. This phase furthers In-Line-Inspection analytics, automation of risk reports and will start enabling capabilities around quantitative risk modeling through Q3 2025. Next, Phase 3 Data Visualization and Insights will be realized through 2026, with a goal of full implementation of Data-Driven, AI-supported actionable Asset Decisions in Phase 4 through 2028.

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Date Received: 6/7/2024

Date Responded: 6/21/2024

Question Nine

On p. B-83 of the Sempra Utilities' 2023 RSAR, SoCalGas states that it did not hire 3 employees for records management for policy, procedures, standards, and ESCMP [Environmental Services and Safety Compliance Management Program] compared to what was authorized for the year 2023 and did not hire 38 such employees compared to what was authorized for the Test year 2019 GRC cycle. SoCalGas states on p. B-88 of the Sempra Utilities' 2023 RSAR that the reason for this is that "This area was forecasted to expand to perform enhanced activities, however, this variance is caused by the delay in plan development and difficulties in recruiting and onboarding qualified personnel."

A. What is the "plan" referred to in the phrase "delay in plan development" above?

SoCal Gas Response 9a:

To clarify, page B-83 does not report variance explanations for any workpaper. The Records Management – From 2200-2361 workpaper is comprised of two different RAMP line-items. Based upon the units that are part of this question, it appears to be asking about the Policy, Procedures, Standards and ESCMP line item, where the units match what was reported on page B-83 with the variance explanation provided on page B-88. SoCalGas was intending to hire 4 people for this role as reported in each of the Imputed Authorized cells over the GRC cycle (2019-2023) on page B-83 and not the 38 employees as stated in the question. With this clarification, SoCalGas responds as follows:

In responding to this question, SoCalGas discovered a transposition error in what was stated in the 2023 RSAR on page B-83 for the Operational Compliance and Oversight line item and the Policy, Procedures, Standards and ESCMP line item. The imputed authorized units for 2019 and 2020 should have been 4 FTEs instead of 15 FTEs for each year for the Policy, Procedures, Standards and ESCMP line item and the imputed authorized units for 2019 and 2020 should have been 15 FTEs instead of 4 FTEs for each year for the Operational Compliance and Oversight line item.

The "plan" referred to in the phrase "delay in plan development" refers to developing and maintaining policies, procedures, and standards that help mitigate human error while consistently promoting safe employee actions.

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Date Responded: 6/21/2024

Question 9-Continued

B. Please describe the “delay in plan development” referred to above.

SoCal Gas Response 9b:

The delay in plan development is primarily because the program team had to pivot the Data Foundation/Records Management roadmap to fully focus on collecting and consolidating data sets that directly support the GTSR compliance mandate.

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Date Received: 6/7/2024

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Question 9-Continued

- C. How does SoCalGas plan to overcome the abovementioned “difficulties in recruiting and onboarding qualified personnel” going forward?

SoCalGas Response 9c:

Please refer to the response to Question 8d.

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Question 9-Continued

D. Please list and describe the abovementioned “enhanced activities” that were supposed to be performed within this program.

SoCalGas Response 9d:

Please refer to the response to Question 8e.

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Question 9-Continued

E. Please provide a step-by-step plan and timeline for completion for the abovementioned incomplete work for the 2019 GRC cycle in the below table (adding rows as needed). Include how SoCalGas will execute completion of each step provided for completion of this work. The final row should show the completion of this incomplete work.

Step towards completion of incomplete work	How SoCalGas will Execute this Step	Beginning Date of Step	End Date of Step
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SoCalGas Response 9e:

SoCalGas objects to the Request on the grounds that the request calls for SoCalGas to create documents not already in SoCalGas’s possession. SoCalGas further objects to the extent that the request assumes or imposes a requirement on SoCalGas that it prepare a “plan and timeline for completion” of certain work. SoCalGas manages its costs over the GRC cycle and prioritizes and reprioritizes projects as conditions warrant. The Commission explicitly recognizes that actual spending may differ from GRC authorized amounts: “The Commission has always acknowledged that utilities may need to reprioritize spending between GRCs.” (D.20-01-002 at 38.)

Subject to and without waiving this objection, SoCalGas responds as follows:

Please refer to the response to Question 8f.

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Question Ten

On p. B-133 of the Sempra Utilities' 2023 RSAR, SoCalGas states that it underspent on Gas Transmission Auxiliary equipment by \$16.7 million.¹ Particularly, SoCalGas underspent on GT Auxiliary Equipment operational resiliency work by \$19.8 million, or 100% of what was authorized. SoCalGas states that this is due to there being “no activity related to this measure”. SoCalGas further states “Due to changing needs, there were no activities completed related to operational resiliency projects to identify where additional pipelines would provide necessary flexibility to the pipeline system.”

A. Please list and describe the abovementioned “changing needs”.

SoCalGas Response 10A:

SoCalGas objects to this request on the grounds that it misstates facts and/or assumes facts that do not exist. Specifically, SoCalGas does not “state[] that it underspent on Gas Transmission Auxiliary equipment by \$16.7 million” on page B-133 of the 2023 RSAR. Subject to and without waiving the foregoing objection, SoCalGas responds as follows:

The variance explanation that includes “changing needs” on page B-117 of the 2023 RSAR is specifically listed for 2023. The 2023 variance for the GT Auxiliary Equipment – Operational Resilience line item is an underspend of \$3.3 million, making up a portion of the 2023 total variance underspend for the GT Auxiliary Equipment workpaper total of \$3.8 million, as stated on page B-113. However, the variance and variance explanation for all years in the GT Auxiliary Equipment – Operational Resilience line item are similar for each year.

In 2016, when SoCalGas was developing its Risk Response Plan, operational resiliency was identified as an alternative mitigation, which included Gas Transmission Auxiliary equipment. As stated in Elizabeth Musich's Capital workpapers for Gas Transmission (Ex. SCG-07-CWP) in the SoCalGas TY 2019 GRC, A.17-10-008, on page 168, the mitigation of operational resiliency included developing and implementing operational flexibility by adding redundant pipeline systems. However, subsequent risk prioritization decisions resulted in funds being reprioritized to higher priority activities, such as pipeline leak repair and installation of deep well anodes. Refer to Ex. SCG-07-CWP-R on page 14 for workpaper M03120 details on pipeline leak repair and page 125 for workpaper 00306 on deep well anodes.

¹ This underspend figures encompasses three categories of Gas Transmission Auxiliary Equipment work, including operational resiliency, physical security measures, strain gauge installation projects, and various non-RAMP items.

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Question 10-Continued

B. Does SoCalGas anticipate executing activity in this program in the future?

SoCalGas Response10b:

SoCalGas objects to this request on the grounds that it is vague and ambiguous, particularly with respect to the phrase “program.” Subject to and without waiving the foregoing objection, SoCalGas responds as follows:

While SoCalGas continues to invest in the operational resiliency of its system, SoCalGas does not anticipate recording operational resiliency costs within the Auxiliary Equipment workpaper at this time (see Ex. SCG-06-CWP-R, pages 85-98 from the 2024 General Rate Case).

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Question 10-Continued

- C. If the answer to subpart (b) is yes, please state when SoCalGas plans to execute activity in this program.

SoCalGas Response10c:

Not applicable.

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Date Responded: 6/21/2024

Question 10-Continued

D. If the answer to subpart (b) is no, please explain why.

SoCalGas Response10d:

SoCalGas currently has no plans to execute these operational resiliency activities during the 2024 GRC funding cycle. SoCalGas's gas transmission needs and plans for 2024 through 2027 are presented in its TY 2024 GRC.

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Question Eleven

On page A-39 of the Sempra Utilities' 2023 RSAR, SDG&E states that it did not complete 18 SCADA switch replacements in the year 2023 (valued at \$2.7 million) and did not complete 123 SCADA switch replacements for the Test Year 2019 GRC cycle (valued at \$10.7 million). SDG&E states that "Lower actual unit count was driven by additional focus on other responsive projects as needed in 2023"¹

A. Please list and describe the abovementioned "other responsive projects".

SDG&E Response 11a:

SDG&E considers responsive projects to be projects where SDG&E has limited or no control over the initiation, scope, schedule, and/or other aspects of the project. Projects such as service restoration, reactive cable replacement, new business, and those projects mandated by law or regulatory directive are considered responsive projects. For example, programs mandated by the CPUC are included in this category.

¹ The Sempra Utilities' 2023 RSAR at A-65.

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Question 11- Continued

- B. Please provide a step-by-step plan and timeline for completion for the abovementioned incomplete work for the 2019 GRC cycle in the below table (adding rows as needed). Include how SDG&E will execute completion of each step provided for completion of this work. The final row should show the completion of this incomplete work.

Step towards completion of incomplete work	How SDG&E will Execute this Step	Beginning Date of Step	End Date of Step
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SDG&E Response 11b:

SDG&E objects to the Request on the grounds that the request calls for SDG&E to create documents not already in SDG&E’s possession. SDG&E further objects to the extent that the request assumes or imposes a requirement on SDG&E that it prepare a “plan and timeline for completion” of certain work. SDG&E manages its costs over the GRC cycle and prioritizes and reprioritizes projects as conditions warrant. The Commission explicitly recognizes that actual spending may differ from GRC authorized amounts: “The Commission has always acknowledged that utilities may need to reprioritize spending between GRCs.” (D.20-01-002 at 38.)

Subject to and without waiving this objection, SDG&E responds as follows:

SDG&E plans to conduct SCADA switch replacement in accordance with current business needs. Please refer to the prepared direct testimony of Oliva Reyes in SDG&E’s 2024 GRC application (Ex. SDG&E-11-R) at pages OR-143 to OR-144 and supporting workpapers (Ex. SDG&E-11-CWP-R) pages 843-848 for details on SDG&E’s proposed work in this area for years 2024-2027.