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November 23, 2022

Advice No. 6060
(U 904 G)

Public Utilities Commission of the State of California

Subject: Request for Recovery of the Transmission Integrity Management Program Balancing Account (TIMPBA) Balance

Southern California Gas Company (SoCalGas) hereby requests California Public Utilities Commission (Commission) approval for the recovery of under-collected expenditures in excess of authorized Test Year (TY) 2019 General Rate Case (GRC) cycle operations and maintenance (O&M) and capital expenditures by 35% in the TIMPBA to be incorporated in SoCalGas's revenue requirement and rates.

Purpose

SoCalGas requests authority to recover its TIMPBA under-collected balance of \$238.8 million as of September 30, 2022, representing cumulative incremental revenue requirement associated with reasonably incurred Transmission Integrity Management Program (TIMP) expenditures in excess of authorized TY 2019 GRC cycle O&M and capital expenditures by 35%. SoCalGas proposes to implement and include this rate change effective October 1, 2023, or on the next scheduled rate change following a Commission resolution on this advice letter, whichever is earlier.

Background

SoCalGas's TIMP implements the federal regulatory requirements set forth in 49 Code of Federal Regulations (CFR) § 192, Subpart O. These federal pipeline regulations were first adopted effective February 14, 2004, following the passage of the Pipeline Safety Improvement Act of 2002, to promote the continued safe and reliable operation of the country's natural gas infrastructure. Under these regulations, operators of natural gas transmission pipelines are required to continually identify threats to their pipelines in High Consequence Areas (HCAs); determine the risk posed by these threats; schedule and track assessments to address threats within prescribed

timelines; collect information about the condition of the pipelines; take actions to minimize applicable threats and integrity concerns to reduce the risk of a pipeline failure; and report findings to regulators.¹

Funding for TIMP is recorded to the TIMPBA, a two-way, interest-bearing balancing account. SoCalGas's TIMPBA was first approved in Decision (D.) 13-05-010, in accordance with Pub. Util Code § 969.² The TIMP was reauthorized in connection with SoCalGas's TY 2016 and TY 2019 GRC decisions.³ As established and in accordance with SoCalGas's tariffs, the TIMPBA tracks the difference between authorized and actual TIMP-related revenue requirement during each respective GRC cycle. Any over- or under-collected balance at the end of each year within the GRC cycle is to be carried over to the following year.⁴ The TIMPBA was most recently reauthorized in SoCalGas's TY 2019 GRC Decision and remains effective for the five-year GRC cycle ending December 31, 2023. Pursuant to the TY 2019 GRC Decision, and consistent with prior GRC decisions, SoCalGas is authorized to submit a Tier 3 advice letter to seek recovery of any TIMP under-collections resulting from actual expenditures in excess of up to 35% of the total authorized O&M and capital expenditures.⁵ For under-collections resulting from actual expenditures greater than 35% of the total authorized O&M and capital expenditures, SoCalGas is authorized to seek recovery through a separate application.⁶

In October 2017, SoCalGas filed its TY 2019 GRC Application (A.) 17-10-008. The TY 2019 GRC Application included, among other things, a request for approval of TIMP expenditures based on forecasts for 2017-2019 and continuation of the TIMPBA. SoCalGas complies with federal requirements by assessing approximately 1,136 miles of HCA out of 3,440 miles of pipelines defined as transmission by the United States Department of Transportation (DOT) over each assessment cycle, at intervals of no greater than seven years. In an effort to further enhance the safety and reliability of the system, through September 30, 2022, SoCalGas has assessed a total of 1,693 miles,⁷

¹ See A.17-10-008, Ex. SCG-14 at MTM-13 (Direct Testimony of Maria T. Martinez dated Oct. 6, 2017); available at <https://www.socalgas.com/regulatory/documents/a-17-10-008/SCG-14%20Martinez%20Prepared%20Direct%20Testimony.pdf>.

² D.13-05-010 at 421-422.

³ D.16-06-054 at 327 and D.19-09-051 (TY 2019 GRC Decision) at 777.

⁴ <https://tariff.socalgas.com/regulatory/tariffs/tm2/pdf/TIMPBA.pdf>.

⁵ D.19-09-051 at 191. For reference, during the 2012 GRC cycle SoCalGas submitted three such TIMPBA Advice Letters. AL 4632, submitted on April 11, 2014, was approved by Resolution G-3499. AL 4819, submitted on June 19, 2015, was approved by Resolution G-3517. AL 5057, submitted on November 4, 2016, was approved by Resolution G-3528.

⁶ *Id.*, also see A.17-10-008, Ex. SCG-42 at RQY-15 (Direct Testimony of Rae Marie Q. Yu dated Oct. 6, 2017); available at <https://www.socalgas.com/regulatory/documents/a-17-10-008/SCG-42%20Yu%20Prepared%20Direct%20Testimony.pdf>.

⁷ Miles assessed is the total mileage associated with individual pipeline segments, it does not reflect the aggregate of multiple technologies that may be utilized within the same segment and total miles of the year 2022 are pending final reporting.

of which 949 miles are located within HCAs, and includes mileage in non-HCAs that are contiguous to or near HCA pipelines.⁸

SoCalGas's unique size and location of operation has a direct and significant bearing on the overall expenses to comply with federal TIMP requirements, as further explained below.⁹

The activities SoCalGas performs associated with 49 CFR Part 192 compliance as part of TIMP are categorized into the following seven topic areas:¹⁰

- Threat Identification and Risk Assessment;
- Baseline Assessment Plan;
- Assessment;
- Remediation;
- Additional Preventative and Mitigative Measures;
- Geographic Information System (GIS); and
- Auditing and Reporting.

Summary of TIMP Cost Drivers

As of September 30, 2022, the TIMP actual combined O&M and capital expenditures are \$743 million compared to \$539 million in authorized expenditures, exceeding 135% of the total authorized O&M and capital expenditures. Table 1 below shows the actual expenditures incurred each year through September 2022 compared to total authorized expenditures for the entire TY 2019 GRC cycle.

⁸ A.17-10-008, Ex. SCG-14 at MTM-3.

⁹ *Id.*, Ex. SCG-14 at MTM-2.

¹⁰ *Id.* at MTM-13 to MTM-14.

Table 1
Southern California Gas Company
TIMPBA Expenditures (Authorized v. Actual, \$000)

Authorized	O&M	Capital	Total
2019	47,817	62,233	110,050
2020	49,080	55,190	104,270
2021	50,258	56,063	106,321
2022	51,231	56,724	107,955
2023	52,409	57,934	110,343
Subtotal	250,795	288,144	538,939

Actual	O&M	Capital	Total
2019	75,952	106,467	182,419
2020	104,648	76,583	181,231
2021	103,839	112,503	216,342
2022	95,344	67,881	163,225
Subtotal	379,783	363,434	743,217

Over/ (Under) Authorized			
\$	128,988	75,290	204,278
%	151%	126%	138%

*Exceeded authorized 135%

Note: Total Actual Expenditures for 2022 is only through September 30, 2022. Total Authorized Expenditures for 2022 is for the full year.

In its TY 2019 GRC application, SoCalGas forecasted TIMP costs based on system knowledge and an expectation that the majority of its TIMP O&M and capital expenditures would be related to assessments and remediations.¹¹ While assessments and remediations have represented the majority of SoCalGas's TIMP-related work during this GRC cycle, actual expenditures have been higher than forecasted. For example, Line 235, Line 4000, and Line 404 assessment and validation work were more complex in scope and scale than anticipated which in turn drove up remediation activity. During this GRC cycle (2019-present), SoCalGas increased the average number of assessments using in-line inspection (ILI) and external corrosion direct assessment (ECDA) methods to meet the requirements of 49 CFR § 192, Subpart O. Utilizing a combination of newly available technology, additional inspection methods, and industry best practices, SoCalGas was able to expand the ILI program to inspect piping that was previously unpiggable and efficiently assess for a wider range of threats by taking advantage of a single mobilization to

¹¹ *Id.* at MTM-19.

perform multiple in-line inspections and likewise combine results from multiple tools into an aggregated remediation response. The combined effect of these changes resulted in an increase to both the volume of total work, and to the complexity associated with the overall TIMP life cycle as compared to historic levels. These changes enabled SoCalGas to identify additional necessary remediations to more thoroughly meet compliance requirements and achieve greater levels of risk reduction. These additional assessments and remediations increased TIMP O&M and capital expenditures above the historically based amounts initially forecasted for the program.

The TIMP program had additional cost drivers beyond assessments and remediation in both the capital and O&M areas. Additional O&M expenses are primarily attributable to increased labor and non-labor expenses due to enhancements to sections of the TIMP programs in part driven by new regulations. Additional capital expenditures are primarily attributable to increased labor and non-labor to support the following activities: continued remediation activities for assessments prior to 2019 due to the GRC cycle only representing a portion of the seven-year assessment cycle; and retrofitting of pipeline segments and facilities that were not previously ILI-capable to further enhance and maintain the integrity of the gas transmission pipeline system.

In addition to the cost drivers discussed above, the approved methodology to calculate the authorized revenue requirement in the post-test years for these programs impacts the resulting TIMPBA under-collection. The TY 2019 GRC Decision authorized a post-test year mechanism for SoCalGas, including TIMP. Pursuant to the TY 2019 GRC Decision, authorized O&M expenses in the post-test years (PTY) are derived through escalation of the authorized TY 2019 O&M expenses. Authorized capital expenditures are imputed in the PTYs based on a seven-year average of historical and forecasted capital expenditures rather than project specific forecasts. This PTY mechanism differs from the forecast of TIMP-related activities for the TY 2019 GRC cycle, therefore contributing to the under-collection. See Attachment D for additional detail on the calculation of authorized expenditures associated with the TY 2019 GRC.

TIMP Cost Categories

SoCalGas has separated TIMP O&M expenses into four categories (as shown in Table 2), which are entirely inclusive of the seven topic areas mentioned above, as required by 49 CFR Part 192:

1. Assessments and Remediation;
2. Preventative and Mitigative (P&M) Measures;
3. Data and Geographic Information Systems (GIS); and
4. Program Management and Support/Risk and Threat.

These activities show how SoCalGas continued to maintain a safe system with industry leading integrity management, which resulted in actual recorded TIMP expenditures exceeding authorized funding levels, as summarized in Table 2, and further explained below.

Table 2
TIMP O&M and Capital Expenditures by Category
2019 through September 2022

Labor + Non-labor Recorded (\$000)	2019	2020	2021	2022	Total
O&M					
Assessment & Remediation	\$55,608	\$81,815	\$79,896	\$72,415	\$289,735
P&M Measures	4,246	3,816	4,448	3,569	16,079
Data and GIS	10,746	12,877	10,890	7,052	41,565
Program Mgmt. and Support/Risk and Threat	5,352	6,139	8,605	12,307	32,403
O&M - Subtotal	\$75,952	\$104,648	\$103,839	\$95,344	\$379,783
Capital Expenditures	106,467	76,583	112,503	67,881	363,434
Total O&M and Capital	\$182,419	\$181,231	\$216,342	\$163,225	\$743,217

Note: Subtotals may include rounding differences.

Similarly, the Capital Expenditures category in Table 2 includes capitalized costs compliant with SoCalGas's capitalization policy associated with the assessments, remediation, and preventative and mitigative measures as well as data and GIS related activities. The activities and associated costs in the Capital Expenditures category were driven by efforts to expeditiously validate the integrity of SoCalGas's transmission system, enhance safety, and comply with current and new regulatory directives.

Assessments and Remediations

TIMP is built upon meeting federal code requirements that go above and beyond routine maintenance activities by monitoring and remediating risk on the pipeline system with the goal of reducing overall risk. TIMP manages this risk reduction through the execution of assessments and remediation of anomalies discovered on transmission pipelines. SoCalGas deploys ILI and ECDA for the majority of the pipeline integrity assessments. Pipeline assessment and mitigation expenses are attributable to safety enhancement and integrity management activities such as the number of assessments (ILI, Direct Assessment, or Pressure Test), repairs – which vary from project to project based on assessment findings, and mitigation activities, which are described in more detail in Attachment C of this advice letter. Additionally, SoCalGas continues to expand ILI assessments into previously unpiggable pipe segments as well as utilize additional ILI technologies to augment the traditional tools used in an effort to manage different aspects of the program (e.g., enhanced threat identification, assessment, and remediation). These efforts represent both best practice and a response to new federal regulations that included approximately 64 new or updated sections within 49 CFR Part 192, expanding the TIMP.¹² Generally, the net result of

¹² On October 1, 2019, Pipeline and Hazardous Materials Safety Administration (PHMSA) issued the Pipeline Safety: Safety of Gas Transmission Pipelines: Maximum Allowable

these program expansion efforts is an increase to work volume and complexity, i.e., additional assessment findings, additional validation requirements, and increased remediation volume.

This request includes costs associated with the validation and remediation work from January 1, 2019 and onwards. The higher than forecasted remediation and validation expenses are attributable to the increase in assessment projects, continued validation, retrofit projects, and remediation work on transmission pipelines 235,¹³ 4000, and 404.

In the TY 2019 GRC, SoCalGas forecasted conducting 21 ILI assessment projects and 20 ECDA assessments in 2019 for its TIMP. Transmission pipeline assessments in HCAs are completed at a maximum of every seven years, so each year the number and type of assessments that need to be completed changes. The actual activity level for ILI and ECDA assessments through September 2022 is presented in Table 3.

Table 3
TIMP Assessments - Forecast vs. Actuals

	GRC Forecast	Actuals			
	<i>2019</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
ILI	21	35	21	27	12
ECDA¹⁴	20	28	8	27	12

Note: Actual TIMP Assessments for 2022 is only through September 30, 2022.

Operating Pressure (MAOP) Reconfirmation, Expansion of Assessment Requirements, and Other Related Amendments final rule, which took effect July 1, 2020. On April 8, 2022, PHMSA issued the Pipeline Safety: Requirement of Valve Installation and Minimum Rupture Detection Standards final rule, which took effect October 5, 2022. On August 24, 2022, PHMSA issued the Pipeline Safety: Safety of Gas Transmission Pipelines: Repair Criteria, Integrity Management Improvements, Cathodic Protection, Management of Change, and Other Related Amendments final rule, which takes effect May 24, 2023. On May 4, 2022, SoCalGas filed an application for authority to establish a gas rules and regulations memorandum account (GRRMA), A.22-05-005, to record the incremental costs imposed by certain PHMSA amendments in the aforementioned final rules, for the years 2021, 2022 and 2023. The TIMPBA includes costs associated with the expansion of the TIMP requirements, while GRRMA will track costs associated with MAOP Reconfirmation and other requirements outside of 49 CFR § 192, Subpart O requirements.

¹³ TIMP costs incurred for Line 235 will continue to be recorded in the TIMPBA as well as tracked in the Line 235 Memo Account (L235MA), and PSEP costs will be recorded in the L235MA with clear accounting delineation as ordered in D.19-09-051 at 779. SoCalGas submitted AL 5531 establishing the L235MA on October 16, 2019, which was approved on November 12, 2019 with an effective date of September 26, 2019.

¹⁴ 100% direct examination assessments are included in the totals for ECDA.

Preventative and Mitigative Measures

Preventive and Mitigative (P&M) Measures are a fundamental aspect of the TIMP and of the safe and reliable operation of the natural gas system in general. Preventive actions are those that can be taken to reduce or eliminate a threat to the integrity of a pipeline while mitigation actions address the consequence. Traditional P&M activities such as damage prevention, corrosion control, leak survey, and many others have been routinely implemented in the gas industry for many years.

The TIMP continues to evaluate when and where various P&M measures, referenced throughout 49 CFR Part 192 and American Society of Mechanical Engineers (ASME) B31.8S, can be implemented or enhanced in order to reduce system risk based on identified threats, data collection and data integration activities. P&M activities are important because they provide a proactive approach to pipeline safety. As such, SoCalGas is continually evaluating opportunities to implement additional P&M activities to further reduce risk.

Data and Geographic Information Systems (GIS)

The High-Pressure Pipeline Database (HPPD) is at the core of all TIMP activities and houses and maintains the data collected for transmission pipelines during the pre-assessment process, during the various assessments, and remediation efforts completed as part of TIMP. Maintenance of the HPPD is required to continuously reflect changes in the pipeline system based on new construction, replacements, abandonments, or re-conditioning of pipelines for not only TIMP-related projects, but also for all company-wide projects to holistically analyze the entire transmission pipeline system. Various tool sets (applications) used within the HPPD allow for the analysis and determination of HCAs, relative risk evaluation of the transmission system, and the creation of Assessment Plans.¹⁵

Ongoing best practices of digitizing records, updating databases, and improving the GIS system contributed to the expenses in this request. New regulations that took effect July 1, 2020 prompted the commencement of preparation work, which primarily occurred in the beginning of the GRC cycle, to satisfy additional new compliance obligations beginning on July 1, 2021, thereby causing significantly more record reviews and follow-on GIS and HPPD updates than originally planned for in the 2019 GRC under TIMP in order to prepare for the new and updated sections within 49 CFR Part 192.

Program Management and Support/Risk and Threat

Program Management and Support expenses include the salaries and expenses associated with developing and supporting the integrity management program, data management, and risk management of the transmission pipelines. The activities prescribed by Subpart O and 49 CFR § 192.710 are primarily implemented and

¹⁵ A.17-10-008, Ex. SCG-14 at MTM-18.

managed by the TIMP team, which is comprised of engineers, project managers, technical advisors, project specialists, and other employees with varying degrees of responsibility. The program expenses support SoCalGas's goals of operating the system safely and reliably by continually assessing, mitigating, and reducing system risk in accordance with SoCalGas's TIMP.

Also included in this cost category are efforts to support TIMP program management activities through the development and implementation of standard operating procedures to promote consistent and safe processes and comply with current and expanded regulatory obligations under the new regulations that began taking effect on July 1, 2020. Company personnel and contracted consultants collaborated to provide direction, guidance, and to recommend and implement process improvements for assessment projects and enhance data management tools to meet compliance and program requirements to validate the integrity and enhance the safety of SoCalGas's transmission pipelines. For these activities, the expenses incurred above initial forecast levels are a result of the increased number of assessments, repairs, and mitigation activities, as well as creating new or enhancing existing standard operating procedures required to achieve compliance with required federal regulations.

SoCalGas is also required to perform threat identification and risk assessment of its transmission pipelines per Subpart O. As described in the TY 2019 GRC, threat identification and risk assessment are considered the starting point in SoCalGas's TIMP implementation process.¹⁶ SoCalGas uses a prescriptive approach for threat identification, which includes the nine categories of threats described in ASME Standard B31.8S: External Corrosion; Internal Corrosion; Stress Corrosion Cracking; Manufacturing; Construction; Equipment; Mechanical; Incorrect Operations; and Weather Related and Outside Force. All pipelines operated in HCAs and segments defined in 49 CFR § 192.710 are evaluated for each threat category. A relative risk assessment is applied to evaluate identified threats in each HCA. The relative risk assessment integrates relevant threats, industry data, and Company experience to prioritize HCA pipeline segments for integrity management actions such as baseline assessments, integrity reassessment, preventative and mitigative (P&M) activities, and enable more effective resource allocation.

As an additional step of this threat identification and risk assessment process, SoCalGas has expanded the research involving construction and weather related/outside forces threats. For example, to better understand the dynamics of certain construction threats, the company has initiated a centralized effort to oversee the performance of destructive testing on wrinkle bends - an incremental activity starting in 2020 not accounted for in the TY 2019 GRC. This additional information will provide valuable understanding and help guide strategies to mitigate this threat moving forward. Also, as a result of wildfires in the SoCalGas territory and potential associated debris flow threatening the pipelines, SoCalGas initiated a debris flow analysis process in 2018 to help determine soil stability and prevent future weather-related pipeline incidents.

¹⁶ *Id.* at MTM-14.

TIMPBA Under-Collected Balance

SoCalGas seeks to recover the under-collected balance in the TIMPBA of \$238.8 million as of September 30, 2022.¹⁷ The under-collection is comprised of TIMP O&M expenses of \$379.8 million, capital revenue requirement (i.e., depreciation, return, and taxes) of \$55.5 million, and interest of \$2.2 million, offset by authorized revenue requirement of \$198.7 million from 2019 through September 30, 2022. SoCalGas will continue to balance the on-going capital revenue requirement associated with the capital projects being reviewed in this advice letter and proposes to true up the under-collected balance to incorporate on-going capital revenue requirement and interest associated with approved capital projects recorded to the TIMPBA until a Commission resolution is issued.

Table 4 below shows the summary of recorded TIMPBA activity that results in the under-collection through September 30, 2022.

Table 4
Southern California Gas Company
Transmission Integrity Management Program - Actual v. Authorized
TIMPBA Calculation (Revenue Requirement, \$000)

Authorized	O&M	Capital Revenue Requirement	Interest	TIMPBA Activity
2019	47,817	1,020		48,837
2020	49,080	4,016		53,096
2021	50,258	4,456		54,714
2022	38,423	3,715		42,138
Subtotal	185,578	13,207		198,785
Actual	O&M	Capital Revenue Requirement	Interest	TIMPBA Activity
2019	75,952	245	206	76,403
2020	104,648	10,751	287	115,686
2021	103,839	19,926	88	123,853
2022	95,344	24,608	1,648	121,600
Subtotal	379,783	55,530	2,229	437,542
Under/(Over) Collection	194,205	42,323	2,229	238,757

Note: Actual and Authorized TIMPBA Activity to Date - September 30, 2022.

¹⁷ Attachment A details the costs recorded in the TIMPBA through September 30, 2022.

As stated above, the Commission adopted mechanism for the TIMPBA is based on any TIMP under-collections resulting from actual expenditures in excess of up to 35% of the total authorized O&M and capital expenditures for the entire TY 2019 GRC cycle. SoCalGas is therefore seeking herein approval of the revenue requirement associated with the direct O&M and capital expenditures up to 35%.

Incorporation of TIMPBA Revenue Requirement in Rates

SoCalGas will incorporate in transportation rates the TIMPBA under-collection balance of \$238.8 million, plus any on-going capital revenue requirement and interest associated with the approved capital projects on October 1, 2023 or on the next scheduled rate change following a Commission resolution on this advice letter, whichever is earlier.¹⁸ Pursuant to Res. G-3499, the TIMPBA amount will be amortized in gas transportation rates based on a functionalized allocation of transmission-related costs as developed in SoCalGas's most recent Triennial Cost Allocation Proceeding (TCAP). Attachment B provides a Summary of Natural Gas Transportation Rates.

SoCalGas will continue to record on-going capital revenue requirement through December 31, 2023 related to the capital projects reviewed in this advice letter. Upon a Commission resolution, SoCalGas will incorporate any on-going capital revenue requirement of the approved capital projects in its future regulatory account update advice letter filing until the assets are included in a future GRC. SoCalGas also anticipates it will continue to record under-collections in its TIMPBA due to continued O&M expenses and capital revenue requirement above authorized levels during the remainder of the 2019-2023 GRC period and will file a subsequent application as appropriate.

¹⁸ SoCalGas and San Diego Gas and Electric Company (SDG&E) have an integrated transmission system and rate recovery mechanism. SDG&E will also incorporate their allocation of costs, or \$8 million, which include SoCalGas and SDG&E NGV, TLS and EG adjustments of (\$1.5) million, and Franchise Fees & Uncollectibles (FF&U) of \$3.8 million, in rates effective October 1, 2023 or on the next scheduled rate change following a Commission resolution on this advice letter, whichever is earlier.

Revenue Requirement Impact by Class of Service

<u>Class of Service</u>	<u>Applicable Rate Schedules</u>	<u>Net M\$ (with FF&U) Increase/(Decrease)</u>
Core	GR, GS, GM, GO-AC, G-NGVR, GL, G-10, G-AC, G-EN, G-NGV	\$34.8
Noncore	GT-NC, GT-TLS	\$23.9
Backbone Transportation Service (BTS) & Other Services	G-BTS	\$174.5
TOTAL ¹⁹		\$233.2

Protest

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be submitted electronically and must be received within 20 days after the date of this Advice Letter, which is December 13, 2022. Protests should be submitted to the attention of the Energy Division Tariff Unit at:

E-mail: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this Advice Letter should also be sent electronically to the attention of:

Attn: Gary Lenart
 Regulatory Tariff Manager
 E-mail: GLenart@socalgas.com
 E-mail: Tariffs@socalgas.com

Effective Date

In compliance with Finding of Fact No. 301 and Ordering Paragraph 7 of D.19-09-051, this advice letter is designated as Tier 3 pursuant to General Order (GO) 96-B and, as such, requires a Commission Resolution to approve. SoCalGas respectfully requests that this filing be made effective after Commission approval for implementation and inclusion in rates effective October 1, 2023 or on the next scheduled rate change following a Commission resolution on this advice letter, whichever is earlier.

¹⁹ *Id.*

Notice

A copy of this advice letter is being sent to SoCalGas's GO 96-B service list and the Commission's service list in A.17-10-008, SoCalGas's TY 2019 GRC and A.22-05-015, SoCalGas's TY 2024 GRC. Address change requests to the GO 96-B service list should be directed by electronic mail to tariffs@socalgas.com or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

/s/ Joseph Mock

Joseph Mock
Director – Regulatory Affairs

Attachments



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC GAS WATER
 PLC HEAT

Contact Person:

Phone #:
E-mail:
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name:
Title:
Utility Name:
Address:
City: State:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Name:
Title:
Utility Name:
Address:
City: State:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

ATTACHMENT A

Advice No. 6060

Costs recorded in the TAMPBA as of September 30, 2022

ATTACHMENT A1
SOUTHERN CALIFORNIA GAS COMPANY
TRANSMISSION INTEGRITY MANAGEMENT PROGRAM BALANCING ACCOUNT (TIMPBA)
2019-2022 GRC CYCLE
(Over) / Under Collection

SAP Account Number 1150588

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total	
Beginning Balance									-	-	18,603,805	19,617,006	22,532,224	-
Prior Period Adjustment														-
Adjusted Beginning Balance									-	-	18,603,805	19,617,006	22,532,224	-
Costs:														
O&M Costs									55,831,277	4,828,171	6,650,208	8,641,870	75,951,526	
Capital-Related Costs														
Depreciation									183,845	91,845	104,185	178,169	558,044	
Income Taxes									139,925	38,600	(18,826)	10,022	169,721	
Return									567,819	271,878	396,386	492,620	1,728,703	
Property Taxes									-	-			-	
Software Tax Benefits									(1,607,158)	(178,573)	(178,573)	(246,762)	(2,211,066)	
Total Costs:									-	55,115,708	5,051,921	6,953,380	9,075,919	76,196,928
Revenues:														
Authorized Cost Amortization									36,627,750	4,069,750	4,069,750	4,069,750	48,837,000	
Total Revenues:									-	36,627,750	4,069,750	4,069,750	4,069,750	48,837,000
Net Cost / (Revenue)									-	18,487,958	982,171	2,883,630	5,006,169	27,359,928
Current Month Interest**									-	115,847	31,030	31,588	27,795	206,260
Current Month Activity									-	18,603,805	1,013,201	2,915,218	5,033,964	27,566,188
Ending Balance									-	18,603,805	19,617,006	22,532,224	27,566,188	27,566,188

** Interest applied to average monthly balance as follows: (((Beg. Bal.+(Beg. Bal.+Current Month Adjustment))/2)*(Int.Rate/12)

Interest rate:	2.52%	2.55%	2.49%	2.49%	2.47%	2.44%	2.31%	2.19%	2.07%	1.95%	1.80%	1.62%
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Notes:

1/ Adjustment included in December 2019 Interest for Software Tax Benefits associated interest true up.

ATTACHMENT A2
SOUTHERN CALIFORNIA GAS COMPANY
TRANSMISSION INTEGRITY MANAGEMENT PROGRAM BALANCING ACCOUNT (TIMPBA)
2019-2022 GRC CYCLE
(Over) / Under Collection

SAP Account Number 1150588

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
Beginning Balance	27,566,188	31,197,916	33,829,498	44,193,506	45,683,403	49,118,385	56,603,011	61,065,100	63,890,191	74,530,362	76,815,895	81,337,862	27,566,188
Prior Period Adjustment 1/	82,550												82,550
Adjusted Beginning Balance	27,648,738	31,197,916	33,829,498	44,193,506	45,683,403	49,118,385	56,603,011	61,065,100	63,890,191	74,530,362	76,815,895	81,337,862	27,648,738
Costs:													
O&M Costs 2/	7,356,653	6,193,029	13,943,170	5,078,567	7,020,891	11,196,524	7,954,873	7,303,397	14,232,060	5,819,592	7,854,305	10,694,868	104,647,929
Capital-Related Costs													
Depreciation	180,447	312,105	250,040	256,420	261,454	270,558	275,766	277,984	282,817	216,436	420,028	344,203	3,348,258
Income Taxes	87,017	155,799	128,286	132,139	134,711	140,397	142,052	142,714	144,440	148,118	150,642	130,217	1,636,532
Return	477,075	521,477	525,479	542,500	552,853	582,209	589,037	592,171	606,146	726,033	721,956	792,979	7,229,915
Property Taxes							89,122	89,123	89,122	89,122	89,122	89,122	534,733
Software Tax Benefits	(168,943)	(168,943)	(108,982)	(148,956)	(148,956)	(292,728)	(172,918)	(172,918)	(172,918)	(172,918)	(172,918)	(178,588)	(2,080,686)
Total Costs:	7,932,249	7,013,467	14,737,993	5,860,670	7,820,953	11,896,960	8,877,932	8,232,471	15,181,667	6,826,383	9,063,135	11,872,801	115,316,681
Revenues:													
Authorized Cost Amortization	4,424,667	4,424,667	4,424,667	4,424,667	4,424,667	4,424,667	4,424,667	5,414,667	4,548,417	4,548,417	4,548,417	3,063,413	53,096,000
Total Revenues:	4,424,667	4,424,667	4,424,667	4,424,667	4,424,667	4,424,667	4,424,667	5,414,667	4,548,417	4,548,417	4,548,417	3,063,413	53,096,000
Net Cost / (Revenue)	3,507,582	2,588,800	10,313,326	1,436,003	3,396,286	7,472,293	4,453,265	2,817,804	10,633,250	2,277,966	4,514,718	8,809,388	62,220,681
Current Month Interest**	41,596	42,782	50,682	53,894	38,696	12,333	8,824	7,287	6,921	7,567	7,249	9,290	287,121
Current Month Activity	3,549,178	2,631,582	10,364,008	1,489,897	3,434,982	7,484,626	4,462,089	2,825,091	10,640,171	2,285,533	4,521,967	8,818,678	62,507,802
Ending Balance	31,197,916	33,829,498	44,193,506	45,683,403	49,118,385	56,603,011	61,065,100	63,890,191	74,530,362	76,815,895	81,337,862	90,156,540	90,156,540

** Interest applied to average monthly balance as follows: $((\text{Beg. Bal.} + (\text{Beg. Bal.} + \text{Current Month Adjustment})/2) * (\text{Int. Rate}/12))$

Interest rate:	1.70%	1.58%	1.56%	1.44%	0.98%	0.28%	0.18%	0.14%	0.12%	0.12%	0.11%	0.13%
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Notes:

1/ PPA for January - Adjustment for software tax benefit true up from 2019, associated interest true up included in Interest line.

2/ Adjustment included in December 2020 O&M to true up O&M costs for August 2020.

ATTACHMENT A3
SOUTHERN CALIFORNIA GAS COMPANY
TRANSMISSION INTEGRITY MANAGEMENT PROGRAM BALANCING ACCOUNT (TIMPBA)
2019-2022 GRC CYCLE
(Over) / Under Collection

SAP Account Number 1150588

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Beginning Balance	90,156,540	91,639,246	96,200,972	107,547,457	114,456,007	121,654,791	129,916,489	135,498,848	140,875,765	148,874,461	152,106,504	154,882,636	90,156,540
Prior Period Adjustment 1/	188,382				(1,181)								187,201
Adjusted Beginning Balance	90,344,922	91,639,246	96,200,972	107,547,457	114,454,826	121,654,791	129,916,489	135,498,848	140,875,765	148,874,461	152,106,504	154,882,636	90,343,741
Costs:													
O&M Costs	4,510,503	8,145,194	14,000,584	9,991,691	10,322,405	11,246,728	8,496,444	8,219,848	10,838,781	6,066,653	5,612,695	6,388,416	103,839,942
Capital-Related Costs													
Depreciation	392,630	307,629	512,723	420,075	403,201	425,051	432,695	447,418	452,516	455,701	457,255	552,665	5,259,559
Income Taxes	163,181	167,538	278,395	227,898	216,470	233,296	234,916	241,514	242,285	241,900	240,737	122,972	2,611,102
Return	869,682	624,733	1,159,855	913,015	903,514	1,002,911	995,600	1,044,053	1,040,695	1,043,090	1,040,596	1,440,410	12,078,154
Property Taxes	89,122	49,457	128,788	89,122	89,122	89,122	157,826	157,826	157,826	157,826	157,826	157,826	1,481,689
Software Tax Benefits	(181,151)	(181,151)	(181,151)	(181,151)	(181,151)	(181,151)	(181,151)	(181,151)	(181,151)	(181,151)	(181,151)	299,301	(1,693,360)
Total Costs:	5,843,967	9,113,400	15,899,194	11,460,650	11,753,561	12,815,957	10,136,330	9,929,508	12,550,952	7,784,019	7,327,958	8,961,590	123,577,086
Revenues:													
Authorized Cost Amortization	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	54,714,000
Total Revenues:	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	4,559,500	54,714,000
Net Cost / (Revenue)	1,284,467	4,553,900	11,339,694	6,901,150	7,194,061	8,256,457	5,576,830	5,370,008	7,991,452	3,224,519	2,768,458	4,402,090	68,863,086
Current Month Interest**	9,857	7,826	6,791	7,400	5,904	5,241	5,529	6,909	7,244	7,524	7,674	10,472	88,371
Current Month Activity	1,294,324	4,561,726	11,346,485	6,908,550	7,199,965	8,261,698	5,582,359	5,376,917	7,998,696	3,232,043	2,776,132	4,412,562	68,951,457
Ending Balance	91,639,246	96,200,972	107,547,457	114,456,007	121,654,791	129,916,489	135,498,848	140,875,765	148,874,461	152,106,504	154,882,636	159,295,198	159,295,198

** Interest applied to average monthly balance as follows: $[(\text{Beginning Balance} + (\text{Net Cost}/(\text{Revenue}/2)) * (\text{Interest Rate}/12)]$

Interest rate:	0.13%	0.10%	0.08%	0.08%	0.06%	0.05%	0.05%	0.06%	0.06%	0.06%	0.06%	0.08%
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Notes:

- 1/ PPA for January - Adjustment for software tax benefit true up from 2020.
PPA for May - Adjustment for O&M true up for March 2021

ATTACHMENT A4
SOUTHERN CALIFORNIA GAS COMPANY
TRANSMISSION INTEGRITY MANAGEMENT PROGRAM BALANCING ACCOUNT (TIMPBA)
2019-2022 GRC CYCLE
(Over) / Under Collection

SAP Account Number 1150588

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
Beginning Balance	159,295,198	164,639,372	167,490,915	179,556,175	188,812,704	202,758,377	214,881,791	220,465,121	229,710,893	238,758,124	238,758,124	238,758,124	159,295,198
Prior Period Adjustment 1/	97		478,198		8,152	(38,250)	(437)		72,312				520,072
Adjusted Beginning Balance	159,295,295	164,639,372	167,969,113	179,556,175	188,820,856	202,720,127	214,881,354	220,465,121	229,783,205	238,758,124	238,758,124	238,758,124	159,815,270
Costs:													
O&M Costs	7,812,678	5,175,268	13,715,328	11,199,287	15,761,514	13,932,244	7,187,282	10,505,671	10,065,382				95,354,654
Capital-Related Costs													
Depreciation	628,982	694,585	656,256	681,196	698,470	706,929	718,934	728,259	763,441				6,277,052
Income Taxes	298,765	369,518	351,290	370,929	380,341	382,178	387,867	398,866	412,988				3,352,742
Return	1,434,014	1,439,322	1,442,591	1,535,497	1,564,108	1,568,936	1,601,814	1,652,868	1,727,943				13,967,093
Property Taxes	157,826	157,826	157,826	157,826	157,826	157,826	268,150	277,179	269,218				1,761,503
Software Tax Benefits	(323,817)	(323,817)	(84,718)	(102,962)	(84,718)	(92,368)	(92,368)	(92,368)	(83,329)				(1,280,465)
Total Costs:	10,008,448	7,512,702	16,238,573	13,841,773	18,477,541	16,655,745	10,071,679	13,470,475	13,155,643	-	-	-	119,432,579
Revenues:													
Authorized Cost	4,681,917	4,681,917	4,681,917	4,681,917	4,681,917	4,681,917	4,681,917	4,681,917	4,681,917				42,137,253
Amortization													-
Total Revenues:	4,681,917	4,681,917	4,681,917	4,681,917	4,681,917	4,681,917	4,681,917	4,681,917	4,681,917	-	-	-	42,137,253
Net Cost / (Revenue)	5,326,531	2,830,785	11,556,656	9,159,856	13,795,624	11,973,828	5,389,762	8,788,558	8,473,726	-	-	-	77,295,326
Current Month Interest**	17,546	20,758	30,406	96,673	141,897	187,836	194,005	457,214	501,193	-	-	-	1,647,528
Current Month Activity	5,344,077	2,851,543	11,587,062	9,256,529	13,937,521	12,161,664	5,583,767	9,245,772	8,974,919	-	-	-	78,942,854
Ending Balance	164,639,372	167,490,915	179,556,175	188,812,704	202,758,377	214,881,791	220,465,121	229,710,893	238,758,124	238,758,124	238,758,124	238,758,124	238,758,124

** Interest applied to average monthly balance as follows: (((Beg. Bal.+(Beg. Bal.+Current Month Adjustment))/2)*(Int.Rate/12)

Interest rate:	0.13%	0.15%	0.21%	0.63%	0.87%	1.08%	1.07%	2.44%	2.57%
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Notes:

- 1/ PPA for January - Adjustment for software tax benefit true up from 2021.
PPA for March - Adjustment for software tax benefit true up for January and February 2022.
PPA for May - Includes adjustment for software tax benefit true up for Apr 22 and O&M true up for March 2022
PPA for June - Adjustment for software tax benefit true up for January-May 22
PPA for July - Adjustment to unbalance costs charged to an internal order that was incorrectly coded with a TIMP refundable code.
PPA for September - Adjustment for software tax benefit true up for January-August 22

ATTACHMENT B

Advice No. 6060

Summary of Natural Gas Transportation Rates

Attachment B
Advice No. 6060
Natural Gas Transportation Rate Revenues
Southern California Gas Company
TIMPBA

	Present Rates			Proposed Rates			Changes			
	Mar-1-22 Volumes Mth	Average Rate \$/therm	Mar-1-22 Revenues \$000's	2024 Volumes Mth	Proposed Rate \$/therm	2024 Revenues \$000's	Revenue Change \$000's	Rate Change \$/therm	% Rate change %	
	A	B	C	D	E	F	G	H	I	
1	CORE									
2	Residential	2,346,353	\$1.09046	\$2,558,598	2,346,353	\$1.10155	\$2,584,632	\$26,033	\$0.01110	1.0%
3	Commercial & Industrial	992,706	\$0.63128	\$626,673	992,706	\$0.63913	\$634,463	\$7,790	\$0.00785	1.2%
4										
5	NGV - Pre SempraWide	178,769	\$0.36605	\$65,438	178,769	\$0.37150	\$66,413	\$974	\$0.00545	1.5%
6	SempraWide Adjustment	178,769	(\$0.01196)	(\$2,138)	178,769	(\$0.01197)	(\$2,140)	(\$2)	(\$0.00001)	0.1%
7	NGV - Post SempraWide	178,769	\$0.35409	\$63,300	178,769	\$0.35953	\$64,273	\$973	\$0.00544	1.5%
8										
9	Gas A/C	416	\$0.27022	\$112	416	\$0.27437	\$114	\$2	\$0.00415	1.5%
10	Gas Engine	22,302	\$0.25948	\$5,787	22,302	\$0.25948	\$5,787	\$0	\$0.00000	0.0%
11	Total Core	3,540,545	\$0.91920	\$3,254,471	3,540,545	\$0.92903	\$3,289,269	\$34,798	\$0.00983	1.1%
12										
13	NONCORE COMMERCIAL & INDUSTRIAL									
14	Distribution Level Service	919,735	\$0.18162	\$167,045	919,735	\$0.18733	\$172,298	\$5,253	\$0.00571	3.1%
15	Transmission Level Service (2)	626,080	\$0.03353	\$20,994	626,080	\$0.03937	\$24,650	\$3,656	\$0.00584	17.4%
16	Total Noncore C&I	1,545,814	\$0.12164	\$188,039	1,545,814	\$0.12741	\$196,947	\$8,909	\$0.00576	4.7%
17										
18	NONCORE ELECTRIC GENERATION									
19	Distribution Level Service									
20	Pre Sempra Wide	331,442	\$0.16782	\$55,623	331,442	\$0.17338	\$57,467	\$1,844	\$0.00556	3.3%
21	Sempra Wide Adjustment	331,442	(\$0.01191)	(\$3,949)	331,442	(\$0.01192)	(\$3,951)	(\$3)	(\$0.00001)	0.1%
22	Distribution Level Post Sempra Wide	331,442	\$0.15591	\$51,675	331,442	\$0.16146	\$53,516	\$1,841	\$0.00556	3.6%
23	Transmission Level Service (2)	2,246,336	\$0.03273	\$73,532	2,246,336	\$0.03857	\$86,649	\$13,117	\$0.00584	17.8%
24	Total Electric Generation	2,577,778	\$0.04857	\$125,206	2,577,778	\$0.05437	\$140,165	\$14,958	\$0.00580	11.9%
25										
26	TOTAL RETAIL NONCORE	4,123,593	\$0.07596	\$313,245	4,123,593	\$0.08175	\$337,112	\$23,867	\$0.00579	7.6%
27										
28	WHOLESALE & INTERNATIONAL (excluding SDG&E)	359,267	\$0.02859	\$10,273	359,267	\$0.03443	\$12,371	\$2,098	\$0.00584	20.4%
29										
30	OTHER SERVICES (SDG&E, UBS, & BTS)	1,118,614		\$372,946	1,118,614		\$545,410	\$172,464		
31	SYSTEM TOTAL w/BTS	9,142,019	\$0.43217	\$3,950,935	9,142,019	\$0.45768	\$4,184,162	\$233,227	\$0.02551	5.9%
32										
33	EOR Revenues	208,941	\$0.09427	\$19,696	208,941	\$0.09990	\$20,873	\$1,177	\$0.00563	6.0%
34	Total Throughput w/EOR Mth/yr	9,350,960			9,350,960					

1) These rates are for Natural Gas Transportation Service from "Citygate to Meter". The BTS rate is for service from Receipt Point to Citygate.
2) All rates include Franchise Fees & Uncollectible charges.

ATTACHMENT C

Advice No. 6060

TIMP Assessment and Remediation Activities

Attachment C: TIMP Assessment and Remediation Activities

The Pipeline Safety Improvement Act of 2002 established the requirement that the Southern California Gas Company (SoCalGas) develop a Transmission Integrity Management Program (TIMP) for pipelines in their system that meet the definition of transmission line in 49 CFR 192.3. SoCalGas Advice Letter 4507, effective July 21, 2013, established the two-way balancing account for TIMP-related costs.

The Pipeline Safety Improvement Act also established requirements that these pipelines be assessed at regular intervals of no greater than seven years, using acceptable assessment methods as identified in the regulation. These assessment methods are:

- In-Line Inspection (ILI),
- Pressure Test (PT),
- Spike Hydrotest Pressure Test (SHPT),
- Direct Examination,
- Guided Wave Ultrasonic Technology (GWUT),
- Direct Assessment
 - External Corrosion Direct Assessment (ECDA)
 - Internal Corrosion Direct Assessment (ICDA)
 - Stress Corrosion Cracking Direct Assessment (SCCDA)
- Other Technology (requires PHMSA notification)

The selection of an appropriate assessment method requires the identification of applicable threats on the pipeline segment, since assessment methods must be capable of addressing all threats. Additionally, the configuration and location of the pipeline are critical considerations when selecting an assessment method. If the configuration of the pipeline is not compatible with the selected assessment method, either retrofitting of the pipeline may be required to enable the use of the appropriate assessment method, or another assessment method must be selected. For this reason, a single pipeline may have multiple assessment methods assigned to different pipeline segments.

The selection of appropriate assessment methods for a particular pipeline segment is determined through the completion of an Assessment Plan. The Assessment Plan process involves reviewing the pipeline for changes in HCA status, checking that the most recent risk and threat information has been applied, and reviewing changes in available technologies. Based on this information, the most appropriate assessment method for each segment of the pipeline is assigned. SoCalGas primarily utilizes the ECDA and ILI assessment methods. SoCalGas performed 83 ILI assessments for a total of 1,496 miles and 63 ECDA assessments for a total of 74.5 miles from 2019 – 2021.

SoCalGas assesses pipelines using ILI as the preferred assessment method whenever feasible. Since the ILI tools are generally run for the length of the pipeline, the benefit is that the

assessment provides information for both HCA and non-HCA transmission pipeline segments¹. ILI is an assessment method that typically uses flow driven inspection tools deployed inside the pipe that are capable of detecting, characterizing, and sizing specific anomalies on the pipe . ECDA is an assessment method that uses cathodic protection based inspection methods applied from above-ground to identify potential areas of coating faults (gaps in the protecting coating of the pipe) and areas of diminished cathodic protection where the pipe is more susceptible to external corrosion.

TIMP assessments are conducted utilizing a four step process to demonstrate that a pipe segment has been completely assessed. These steps are:

1. Pre-Assessment
2. Indirect Inspection
3. Direct Examination
4. Post-Assessment

1. PRE-ASSESSMENT

The Pre-Assessment step includes data gathering and integration, determination of feasibility of the selected assessment method, inspection tool selection and review of previous assessment results for the selected assessment method. ECDA pre-assessment also requires the identification of ECDA segments and regions, which are dependent on the pipeline characteristics, cathodic protection systems, and similar operating histories.

The selection of inspection tools can vary depending on the threats identified in the Assessment Plan. For ILI assessments, multiple in-line inspection tools may be required to inspect the pipeline to evaluate the different threats on the pipeline. Changes to the regulations regarding Maximum Allowable Operating Pressure (MAOP) validation and threat identification have prompted implementation of a more intensive threat identification process. By changing the conditions under which the manufacturing and construction threats can be considered stable, the new regulations have increased the number of pipe segments identified with these threats. This has in turn prompted more inspections with crack-detection tools. For ECDA, tool selection requires a minimum of two complimentary indirect inspection tools, with the possibility of using more tools if appropriate for the conditions of the pipe.

2. INSPECTION

The Inspection step involves deployment of the inspection methods selected in the Pre-Assessment step. For ECDA, above-ground physical features such as pavement, access to private property, and environmentally sensitive areas can require advanced planning such as development of traffic plans, permits to work in streets and environmentally sensitive areas,

¹ See A.22-05-015, Ex. SCG-09 at AK-TS-30, Direct Testimony of Amy Kitson and Travis Sera (dated May, 2022); available at https://www.socalgas.com/sites/default/files/SCG-09_Direct_Testimony_of_Kitson_Sera_Gas_Integrity_Programs_0.pdf

and negotiation with private property owners. ECDA inspection tools detect potential areas of external corrosion.

For ILI assessments, preparation of the pipeline for deployment of the ILI tools requires the initial use of a cleaning tool to check that the pipeline is free of residue that could interfere with the sensors on the inspection tool. For some pipelines, multiple cleaning runs may be required. ILI tools that have Magnetic Flux Leakage (MFL) sensors can detect corrosion on the internal and external surface of the pipe, and caliper tools are used to detect deformation. SoCalGas runs two MFL tools as part of the inspection of pipelines with a manufacturing and/or construction threat: one MFL tool with the sensors aligned axially relative to the pipe, and another with the sensors aligned circumferentially relative to the pipe. Additional ILI tools are also available with specially designed acoustic or ultrasonic wave-based sensors can be used to detect and assess potential cracking or crack-like anomalies. The inspection results are reviewed for completeness prior to acceptance. All results are provided with location information, and a significant effort is made to check that the alignment of the results provided by the indirect inspection tools matches the alignment of the pipeline being inspected. Proper alignment is essential for the accurate locating of a target anomaly.

For both ECDA and ILI, established criteria are used to evaluate the relative severity of an anomaly detected during the indirect inspection. When new assessment technologies are used, often new engineering processes must be developed to evaluate the relative severity of detected anomalies. The results from multiple inspections need to be integrated and reviewed for interacting anomalies, which requires additional training of the inspection tool vendor analysts as well as the SoCalGas engineers reviewing the results of the inspection. The severity of the anomaly, along with information regarding cathodic protection and any history of leaks, are used to prioritize direct examinations. The number of required excavations can vary among ECDA assessed pipelines. For ILI, the anomalies are categorized as immediate repair conditions, one-year conditions, scheduled conditions, and monitored conditions. An immediate repair condition requires prompt pressure reduction and remediation following confirmation that the condition is present. Immediate repair conditions require extensive coordination between Gas Control, Construction, and the Integrity Management groups at SoCalGas. If repair conditions are in difficult to access locations, remediation may require after-hours and weekend work. During the years 2019-2021, an average of 919 repairs per year were performed on HCA pipe segments as a result of pipeline assessments.

3. DIRECT EXAMINATION

Locations identified as requiring direct examination are located and sited by the Field Survey group. The excavation sites are reviewed for environmental, right-of-way, and access issues. Excavations are planned to typically expose a minimum of 15 feet of pipeline but, depending on the extent of the anomalies requiring examination, conditions may require extending the excavation beyond its initial extent. Once the pipeline is exposed, the pipe is examined using Non-Destructive Examination (NDE) methods to check the condition of the pipe, and to evaluate the accuracy of the indirect inspection tools. When multiple ILI tools are required to

assess a pipeline, each tool requires validation to confirm inspection performance, and often prompts the need for additional excavations in order to expose a range of anomaly types. Each anomaly type can in turn require distinct NDE methods, with technicians trained for each method. The results from the pipe examination also require additional analysis to evaluate potentially interacting anomalies. Additional remediation may be required if there is a significant difference between what the inspection tool indicated and what was measured during the direct examination. Repairs are performed while the pipe is exposed, and additional data gathering is conducted to augment the pipeline database.

Anytime the pipeline is exposed, contingency planning is required for possible interruptions to gas service, and materials must be available on short notice in case repair or replacement is required. A seemingly routine excavation of a minor condition can result in an unexpected repair or replacement. A large portion of the capital costs presented in the Advice Letter were associated with remediation of pipeline conditions that were initially identified in the Inspection step and confirmed during the Direct Examination step - i.e. conditions that were expected based on inspection results. SoCalGas estimates costs associated with projects based on knowledge and experience related to typical assessment findings. However, the possibility of repairs and replacements beyond what was anticipated at the start of the project is always possible due to the combined variability of actual pipe conditions and tool performance. The use of additional ILI tools has increased both the number of excavations, and the possibility of unanticipated repairs and replacements.

4. POST-ASSESSMENT

For both the ECDA and ILI assessment methods, the Post-Assessment step involves:

- Evaluating and documenting the effectiveness of the inspection tools
- Documenting the result of the assessment and the length of pipeline assessed
- Communicating assessment results to the Utilities' stakeholders
- Identifying appropriate follow up Preventive and Mitigative measures, if necessary
- Establishing the Re-Assessment Interval for the pipeline

SoCalGas continuously evaluates the assessment results looking for areas of potential program improvement. SoCalGas works with other operators and inspection tool vendors through collective research and information sharing organizations such as the American Gas Association (AGA), Pipeline Research Council International (PRCI), and GTI Energy that:

- Test, develop, and demonstrate new inspection methods,
- Improve the effectiveness of the existing tools and;
- Improve processes used to interpret the results of inspections.

Participation in these efforts is an on-going activity for SoCalGas that involves conducting demonstration projects for newly developed tools and initiating research projects important to improving pipeline integrity.

ATTACHMENT D

Advice No. 6060

Derivation of TIMP Authorized O&M & Capital Expenses in the 2019 GRC

Attachment D: Derivation of TIMP Authorized O&M & Capital Expenses in the 2019 GRC

The adopted post-test year (PTY) ratemaking mechanism in the 2019 GRC Decision adjusts the authorized revenue requirement in the attrition years, 2020-2023, by applying separate attrition mechanisms for O&M expenses and capital revenue requirement, as detailed below. Authorized capital expenditures are imputed based on the authorized PTY capital revenue requirement.

Authorized PTY O&M Expenses

To derive the PTY imputed TIMP authorized O&M expenses, 2019 adopted expenses (presented in base year 2016 dollars) are escalated to 2019 dollars based on the adopted labor and non-labor escalation rates. The 2020-2023 authorized O&M attrition factors are then applied to this expense level to derive the imputed authorized O&M expense in the post-test years.

Authorized PTY Capital Revenue Requirement and Imputed Capital Expenditures

Beginning with the 2019 GRC, PTY capital expenditures are not forecasted at a project-specific level in the adopted PTY model. The adopted TY 2019 rate base and associated capital revenue requirement (i.e., depreciation, taxes, and return) is based on the approved TIMP capital project forecasts estimated to be placed in-service in the years 2017-2019. The 2019 GRC Decision also adopted an escalated seven-year average of capital additions to calculate the capital revenue requirement for the post-test years. SoCalGas calculates the total authorized TIMP direct capital expenditures by:

1. Calculating a seven-year average of capital expenditures for the years 2013 through 2019 (2013-2016 recorded, 2017-2019 adopted values) in base year dollars,
2. Escalating the seven-year average to 2019 dollars, and
3. Applying the adopted capital attrition factors to the escalated seven-year average of capital expenditures.

Calculation of Imputed PTY Capital Expenditures													
	Adjusted Recorded (2016\$)				Authorized (2016\$)			PTY Escalation Rates:		1.93%	1.58%	1.18%	2.13%
	2013	2014	2015	2016	2017	2018	2019	7-Yr Avg	7-Yr Avg	2020	2021	2022	2023
								2013-2019 (2016\$)	2013-2019 (2019\$)				
TIMP Direct CapEx (BC 276 & BC 312)	56	36	43	42	51	51	55	48	54	55	56	57	58

35% Threshold Calculation

Per D.19-09-051 (pg. 694), recovery of a TIMPBA under-collection are subject to a mechanism where SoCalGas must file a Tier 3 advice letter to seek recovery of under-collections resulting from actual O&M and capital expenses in excess of up to 35% of the total GRC authorized O&M and capital expenditures. The threshold is calculated by applying 35% to total O&M and capital expenditures. The table below provides an illustration of the 35% threshold calculation. Once actual O&M and capital expenses exceed \$727 million, the 35% threshold is triggered to be able to file a Tier 3 advice letter to seek recovery of the under-collection in the TIMPBA.

	SoCalGas TIMP						
	(Dollars in millions, nominal)						
	2019 GRC						
	2019	2020	2021	2022	2023	Total	
O&M	48	49	50	51	52	251	
Capital Expenditures	62	55	56	57	58	288	
Direct O&M and Capex	110	104	106	108	110	539	
35% Threshold	38	36	37	38	39	189	
Total Direct Expense	148	141	144	146	149	727	
Cumulative Direct Expense	148	289	433	578	727		

*Note - 2019 expenses are directly authorized in the 2019 GRC. 2020-2023 values are imputed using the methodology described above.

ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Southern California Gas Co.
Utility Number/Type: U 904 G
Advice Letter Number(s): 6060-G
Date AL(s) Filed: 11/23/22
Utility Contact Person: Gary Lenart
Utility Phone No.: 213.244.2424

Date Utility Notified: 12/27/22 via: e-mail
 E-Mailed: GLenart@socalgas.com

ED Staff Contact: Kevin Flaherty

For Internal Purposes Only:

Date Calendar Clerk Notified ____/____/____

Date Commissioners/Advisors Notified __/__/__

INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning December 27, 2022 for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

A Commission Resolution is Required to Dispose of the Advice Letter

Advice Letter Requests a Commission Order

Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Kevin Flaherty at (415) 703-3842 or via email at kf4@cpuc.ca.gov.

cc:
EDTariffUnit
tariffs@sdge.com

ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Southern California Gas Co.
Utility Number/Type: U 904 G
Advice Letter Number(s): 6060-G
Date AL(s) Filed: 11/23/22
Utility Contact Person: Gary Lenart
Utility Phone No.: 213.244.2424

Date Utility Notified: 4/27/23 via: e-mail
 E-Mailed: GLenart@socalgas.com

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For Internal Purposes Only:

Date Calendar Clerk Notified ____/____/____

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