

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of San Diego Gas &  
Electric Company (U 902 G) and Southern California Gas  
Company (U 904 G) for Authority to Revise Their Rates  
Effective January 1, 2013, in Their Triennial Cost  
Allocation Proceeding

Application 11-11-002  
(Filed November 1, 2011)

**COMMENTS OF  
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 G)  
AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)  
ON ASSIGNED COMMISSIONER'S RULING**

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In accordance with the “Assigned Commissioner’s Ruling Modifying Schedule to Allow Operators to Respond to Consumer Protection and Safety Division Reports and Providing Further Direction on the Reassignment of Certain Reasonableness, Cost Allocation, and Cost Recovery Issues From the Rulemaking to Another Proceeding (“AC Ruling”),<sup>1/</sup> San Diego Gas & Electric Company (“SDG&E”) and Southern California Gas Company (“SoCalGas”) provide their comments on the question of whether the reasonableness, cost allocation, and cost recovery issues associated with the Pipeline Safety Enhancement Plan (“PSEP”) of SDG&E and SoCalGas should be reassigned to this Triennial Cost Allocation Proceeding (“TCAP”) rather than a future phase of the SDG&E/SoCalGas General Rate Case (“GRC”) or other proceeding. As discussed below, SDG&E and SoCalGas support such reassignment, but request the Commission adopt a procedural schedule that will allow the earliest possible resolution of the PSEP issues in the TCAP and confirm that all elements of their PSEP will be considered in the TCAP.

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<sup>1/</sup> See, AC Ruling, *mimeo*, p. 3.

## I.

### BACKGROUND

On June 16, 2011, the Commission in R.11-02-019 directed all California natural gas utilities to file comprehensive pipeline testing implementation plans by August 26, 2011.<sup>2/</sup> The Commission's decision stressed the need for rapid action, and further ordered that "[s]uch Implementation Plans shall be completed as soon as practicable, due to significant public safety concerns, and must include interim safety enhancement measures, as described above."<sup>3/</sup> Pursuant to this direction, SoCalGas and SDG&E, as well as Pacific Gas and Electric Company and Southwest Gas Corporation, all filed comprehensive implementation plans on August 26, 2011 in R.11-02-019.

In the Amended Scoping Memo and Ruling ("November 2<sup>nd</sup> Ruling") in R.11-02-019, Assigned Commissioner Florio explained that he is "considering narrowing the scope of the ratemaking issues in this proceeding by transferring ratemaking issues for the SoCalGas and SDG&E Implementation Plan to a separate phase of their ongoing general rate cases (GRCs) or to their next GRC."<sup>4/</sup> "To assist in evaluating whether to transfer ratemaking for SoCalGas and SDG&E's Implementation Plan out of this proceeding," SoCalGas and SDG&E were directed to provide an "assessment of the feasibility of transferring the ratemaking associated with the Implementation Plan to those cases."<sup>5/</sup> In the AC Ruling in this TCAP, parties were asked to comment "on the question of reassigning reasonableness and ratemaking review of [SDG&E's] and [SoCalGas'] Implementation Plan to Cost Allocation Proceeding, Application 11-11-002, rather than the pending or a future general rate case."<sup>6/</sup>

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<sup>2/</sup> D.11-06-017, *mimeo*, p. 20.

<sup>3/</sup> *Id.*

<sup>4/</sup> November 2<sup>nd</sup> Ruling, *mimeo*, p. 4.

<sup>5/</sup> *Id.*

<sup>6/</sup> AC Ruling, *mimeo*, p. 3.

On November 1, 2011, SDG&E and SoCalGas filed the TCAP application. Pursuant to prior agreement with parties to the previous SDG&E/SoCalGas cost allocation proceeding, SDG&E and SoCalGas proposed in their application that protests and responses to the application be due on January 13, 2012, and that the Prehearing Conference (“PHC”) be held on January 17, 2012. By ruling of November 17, 2011, Administrative Law Judge (“ALJ”) Long confirmed that protests and responses to the application would be due January 13, 2012, and on December 15, 2011 confirmed that the PHC would be held January 17, 2011. On December 21, 2011, the date for the PHC was changed to January 30, 2012 by ALJ Long.

## **II.**

### **SDG&E AND SOCALGAS SUPPORT REASSIGNMENT OF THEIR PSEP TO THIS TCAP BUT REQUEST THAT THIS PLAN BE CONSIDERED AS SOON AS POSSIBLE**

SDG&E and SoCalGas support expeditious consideration of all issues associated with their PSEP. This plan was submitted to the Commission on August 26, 2011 but there have been no procedural dates set for its consideration by the Commission.

SDG&E and SoCalGas support review of their PSEP in this TCAP. This proceeding is currently pending and thus there is no need for filing a separate application to initiate this review. Moreover, the SDG&E/SoCalGas GRC has not concluded evidentiary hearings, so the parties to that proceeding will be busy with briefing and cost updates as permitted by the Commission’s Rate Case Plan. This TCAP thus serves as a convenient proceeding that will allow consideration of PSEP issues at the earliest possible time.

As noted above, SDG&E and SoCalGas request that their PSEP be considered as soon as possible. The Commission found that “[s]uch Implementation Plans shall be completed as soon

as practicable, due to significant public safety concerns....”<sup>7/</sup> The SDG&E/SoCalGas PSEP was filed on August 26, 2011, but is yet to be considered by the Commission. SDG&E and SoCalGas therefore propose that the TCAP be divided into two phases, with the first phase addressing their PSEP and the second phase addressing all other TCAP issues. This will allow the SDG&E/SoCalGas PSEP to be implemented “as soon as practicable.”

SDG&E and SoCalGas therefore propose the following schedule for both PSEP and other TCAP issues:

Phase I – PSEP

DRA/Intervenor Testimony	April 19, 2012
Rebuttal Testimony	June 19, 2012
Evidentiary Hearings	July 23–August 3, 2012
Concurrent Opening Briefs	August 31, 2012
Concurrent Reply Briefs	September 28, 2012

Phase II – Other TCAP Issues

Additional Applicant Testimony (if any)	April 26, 2012
DRA/Intervenor Testimony	June 13, 2012
Rebuttal Testimony	July 13, 2012
Evidentiary Hearings	September 5–14, 2012
Opening Briefs	October 12, 2012
Reply Briefs	November 2, 2012

While there would be some overlap between the two phases, this schedule should allow PSEP issues to be decided by the end of 2012 and other TCAP issues to be decided by the first quarter of 2013. Staggering the procedural dates of the two phases as shown in the proposed schedule will allow the parties adequate time to prepare for each event. SDG&E and SoCalGas do not support any schedule that would result in later Commission decision dates than would occur under the schedule proposed herein.

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<sup>7/</sup> D.11-06-017, *mimeo*, p. 20.

### III.

#### ALL PSEP MATTERS SHOULD BE CONSIDERED TOGETHER

SDG&E and SoCalGas interpret the AC Ruling to mean that their PSEP will be reassigned in its entirety to the TCAP. The AC Ruling proposes that the “reasonableness and ratemaking review” take place in the TCAP.<sup>8/</sup> Since review of the “reasonableness” of the SDG&E/SoCalGas PSEP necessarily entails examination of all elements of the PSEP, SDG&E and SoCalGas support the apparent intent of the AC Ruling to reassign the PSEP in its entirety to the TCAP. The Commission should confirm that all SDG&E/SoCalGas PSEP issues are reassigned to the TCAP so that all PSEP elements, including technical issues and program scope, can be considered contemporaneously with the PSEP cost allocation and rate design issues. This will avoid the risk of inconsistent decisions, increase administrative efficiency, and ensure that the ratemaking aspects of the proposed plan are appropriately considered within the context of the work that is contemplated by the plan.

### IV.

#### CONCLUSION

SDG&E and SoCalGas support consideration of all PSEP issues in this TCAP rather than a future phase of the pending SDG&E/SoCalGas GRC or another rate proceeding. SDG&E and SoCalGas therefore request that the Commission adopt their proposed procedural schedule. The

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<sup>8/</sup> AC Ruling, *mimeo*, pp. 2, 3.

