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July 26, 2012

Mr. Ed Randolph
Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Brigadier General Jack Hagan
Director, CPSD
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Southern California Gas Company and San Diego Gas & Electric Monthly Pipeline Safety Enhancement Plan Status Report

Dear Mr. Randolph and General Hagan:

Enclosed please find the Monthly Pipeline Safety Enhancement Plan Status Report of Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) for July 2012 as required per D.12-04-021. D.12-04-021 requires SoCalGas and SDG&E to provide a Monthly Pipeline Safety Enhancement Plan update to the Commission's Energy Division and Consumer Protection and Safety Division as our plan is implemented.

Please feel free to contact me should you have any additional questions regarding this report.

Sincerely,

Jeff Salazar
Regulatory Business Manager

Attachment

CC: Richard Myers, CPUC Energy Division

David Ashuckian, CPUC Energy Division
Julie Halligan, CPUC CPSD
Michelle Cooke, CPUC CPSD
Sunil Shori, CPUC CPSD

JULY 2012 PSEP UPDATE

I. Introduction

D.12-04-021 requires Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) to provide monthly Pipeline Safety Enhancement Plan (PSEP) updates to the Commission's Energy Division and Consumer Protection and Safety Division as our PSEP is implemented.¹ This is our update for July of 2012.

II. Current Status

SoCalGas and SDG&E have undertaken the following PSEP-related activities since the issuance of D.12-04-021 in April of 2012:

- Engineering, design, and execution planning activities were initiated in May 2012 on the pressure testing of line 2000, the highest priority line included in the SDG&E/SoCalGas PSEP. Activities include contracting for professional services to support the engineering and design effort and compilation of mapping and data required to define the scope of the individual hydrotests.
- Initiation of preliminary planning activities for selected replacement projects.
- Proposals have been received from bidders for the PSEP Program Management Contractor (PMC) and an intensive bid evaluation process is underway. Preparations are being made for bidder presentations and interviews.

¹ D.12-04-021, mimeo., at 7 and 12 (Ordering Paragraph No. 4). At the same time, the Commission explained that SoCalGas and SDG&E must file a Tier 1 Advice Letter to inform the Commission should PSEP cost estimates increase by more than 10%. *Id.*

- A Request For Proposal (RFP) has been issued for the PSEP Environmental Contractor. A bidder's conference explaining the requirements and expectations has been completed with bids due in August 2012.
- Refined the Program Management Organization (PMO) organizational structure. This includes definition of PMO senior management level positions, primary roles and responsibilities.
- Initiated development of control and governance procedures and requirements. Included is the development of accounting guidelines and requirements for program level activities and specific projects.
- Developed preliminary plans for staffing the PMO and Field Services Organizations.
- Initiated recruitment and training efforts for the significant resource requirements that the PSEP will require.
- Nearly complete on MAOP records review for Phase 2 of PSEP (Class 1 and Class 2 Non-HCA transmission pipelines).
- SoCalGas and SDG&E continue to implement Interim Safety Measures previously identified (additional bimonthly patrols and surveys).