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October 18, 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 September 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  
Belinda Gatti, CPUC Energy Division  
Julie Halligan, CPUC CPSD  
Sunil Shori, CPUC CPSD

## SEPTEMBER 2012 PSEP UPDATE

### I. Introduction

In D.12-04-021, the Commission directs Southern California Gas (SoCalGas) and San Diego Gas & Electric (SDG&E) to provide monthly Pipeline Safety Enhancement Plan (PSEP) updates to the Commission's Energy Division and Consumer Protection and Safety Division as its plan is implemented.<sup>1</sup>

### II. Current Status

SoCalGas/SDG&E have undertaken the following PSEP related activities since its last monthly update.

- Meetings continue with the two leading bidders for the Program Management Contractor to discuss commercial terms and define responsibilities.
- Interviewed four potential Environmental Contractors. This process narrowed the field to two potential candidates with which to begin negotiations.
- Request for Proposals for an Owner Controlled Insurance Program (OCIP) were requested by several insurance brokers to cover activities that will be executed for the PSEP. A successful broker was selected to assist with the implementation of the OCIP for insurance coverage during the bridging period and Phase 1A.
- Planning and detailed design work for hydro-testing Line 2000 continued through September. Initially, 20 test segments have been identified between the Colorado River and Highway 71. Testing is tentatively scheduled to begin in January 2013.
- Since last month's report, planning has begun on 15 additional pipelines. Until the Program Management Contractor is hired the planning work is being done by company resources and local engineering design firms.
- Initiated development of a master schedule for the individual pipeline projects including the establishment of preliminary construction start dates based on CPUC approval of the PSEP in April 2013.
- Active projects are listed on Appendix A.
- Continued to perform records review and interim safety measures.

### III. Costs

- Actual costs tracked in SoCalGas/SDG&E's respective Memorandum Accounts are provided in Appendix B and Appendix C.

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<sup>1</sup> D.12-04-021, mimeo., at 7 and 12 (Ordering Paragraph No. 4).

**PSEP – SoCalGas / SDG&E  
Appendix A – Active Project List**

Pipeline	PSEP Filing Priority	Total Miles	Status <sup>1</sup>	Prominent Diameter	Prominent Vintage	% SMYS <sup>2</sup>	Construction Start Date (est.)
2000	1	117.60	Detailed Design <sup>3</sup>	30	1947	67%	2/2013
2001 East	2	7.10	Planning	30	1952	55%	5/2013
1005	4	3.50	Planning	22	1949	59%	12/2013
235 East	5	0.90	Planning	34	1960	72%	6/2013
2003	6	26.50	Planning	30	1949	36%	1/2014
407	7	6.30	Planning	30	1951	36%	11/2013
406	9	20.70	Planning	22	1951	60%	9/2013
235 West	10	3.10	Planning	30	1957	49%	4/2013
404	14	37.80	Planning	18	1949	50%	7/2013
2000-0.18-XO2	16	0.01	Planning	20	1961	58%	1/2013
1020	17	5.70	Planning	30	1959	39%	7/2013
1014	18	0.00	Planning	30	1957	36%	5/2013
247	21	0.08	Planning	16	1944	48%	6/2013
2000-0.18-BO	23	0.01	Planning	12.75	1952	43%	1/2013
408XO1	35	0.01	Planning	16	1958	40%	6/2013
36-37	38	0.02	Planning	16	1927	40%	3/2013
42-66-1	40	0.04	Planning	12.75	1937	34%	1/2013
42-66-2	41	0.03	Planning	12.75	1937	34%	1/2013
2000-0.18-XO1	43	0.01	Planning	12.75	1952	43%	1/2013
35-20	44	0.56	Planning	16	1965	43%	1/2013
3000-261.73-BO	48	0.00	Planning	12.75	1956	33%	8/2013
3000-261.73-BR	49	0.00	Planning	12.75	1956	33%	8/2013
44-654	50	0.01	Detailed Design	6.625	1957	32%	1/2012
41-19	56	0.01	Planning	8.625	1959	33%	3/2013
43-1106	58	0.14	Detailed Design	16	1952	31%	11/2012
35-20-A	71	1.32	Planning	12.75	1965	49%	1/2013
45-120X01	87	0.01	Detailed Design	8.625	1930	26%	11/2012
41-80	90	1.84	Planning	6.625	1949	42%	10/2013
41-181	109	0.00	Planning	8.625	1957	33%	2/2013
35-20-N	113	0.01	Planning	6.625	1929	51%	2/2013
41-17-F	131	0.03	Planning	4.5	1955	30%	1/2013
41-116	142	0.01	Planning	3.5	1957	23%	3/2013
41-116BP1	143	0.00	Planning	3.5	1957	34%	3/2013
36-8-01-C	148	0.16	Planning	4.5	1936	23%	6/2013
35-20-A1	149	0.30	Planning	8.625	1965	23%	1/2013
37-18-J	154	0.01	Detailed Design	8.625	1956	24%	6/2013
41-17-FST1	160	0.00	Planning	4.5	1955	30%	6/2013

<sup>1</sup> Status Categories: Planning, Detailed Design, Construction, Closeout.

<sup>2</sup> The number shown, e.g. 67%, is the stress level of the majority of the pipe segments.

<sup>3</sup> L #2000, because of its length, will be remediated in two phases. Detailed Design has begun on the first phase.

# SCG and SDGE PSEP Cost Report to the Commission for September 2012

## Appendix B

SCG		(in \$1,000)		(in \$1,000)	
		September	Project-To-Date Total	Forecasted Expenditure (est.)	Remaining Spend (under)/over
1	<b>Supplement to Request for Memorandum Account Attachment A - Pipeline Projects</b>				
2	Hydrotesting Line 2000	36	77	16,301	(16,224)
3	Hydrotesting of L407 Category 4 Criteria Locations	-	-	129	(129)
4	Hydrotesting of 2001 West Category 4 Criteria Locations	-	-	1,107	(1,107)
5	Hydrotesting of 2001 East Category 4 Criteria Locations	-	-	154	(154)
6	Hydrotesting of L235 West Category 4 Criteria Locations	-	-	70	(70)
7	Hydrotesting of L1020 Category 4 Criteria Locations	-	-	121	(121)
8	Hydrotesting of SL 37-18 J - EL SEGUNDO BLVD &	-	-	901	(901)
9	Hydrotesting of Line 235 EAST	-	-	1,035	(1,035)
10	Hydrotesting of Line 1005	-	-	62	(62)
11	Hydrotesting of Line 235 EAST	-	-	455	(455)
12	Hydrotesting of Line 4000	-	-	103	(103)
13	Hydrotesting of Line 406	-	-	257	(257)
14	Hydrotesting of Line 1013	-	-	66	(66)
15	Replacement of Line 1015	-	-	2,320	(2,320)
16	Hydrotesting of Line 1004	-	-	143	(143)
17	Hydrotesting of Line 404	-	-	342	(342)
18	Replacement of Line 44-137	-	-	253	(253)
19	Replacement of Line 2000-0.18-XO2	-	-	17	(17)
20	Replacement of Line 1014	-	-	272	(272)
21	Hydrotesting of Line 1024	-	-	1,013	(1,013)
22	Replacement of Line 247	-	-	456	(456)
23	Replacement of Line 43-121	-	-	988	(988)
24	Replacement of Line 33-120	-	-	442	(442)
25	Replacement of Line 45-120	-	-	950	(950)
26	Replacement of Line 32-21	-	-	3,842	(3,842)
27	Replacement of Line 41-6000-2	-	-	2,706	(2,706)
28	Replacement of Line 36-9-09 North	-	-	2,533	(2,533)
29	Replacement of Line 36-9-06	-	-	1,234	(1,234)
30	Replacement of Line 36-9-06-A	-	-	637	(637)
31	Replacement of Line 37-18-K	-	-	768	(768)
32	Replacement of Line 408XO1	-	-	225	(225)
33	Replacement of Line 1171LT2	-	-	275	(275)
34	Replacement of Line 36-37	-	-	464	(464)
35	Replacement of Line 42-66-1	-	-	288	(288)
36	Replacement of Line 42-66-2	-	-	233	(233)
37	Replacement of Line 35-20	-	-	171	(171)
38	Replacement of Line 37-18-F	-	-	486	(486)
39	Replacement of Line 3000-261.73-BO	-	-	148	(148)
40	Replacement of Line 3000-261.73-BR	-	-	159	(159)
41	Replacement of Line 44-654	-	-	164	(164)
42	Replacement of Line 31-09	-	-	1,812	(1,812)

# SCG and SDGE PSEP Cost Report to the Commission for September 2012

## Appendix B

SCG			(in \$1,000)	
	September	Project-To-Date Total	Forecasted Expenditure (est.)	Remaining Spend (under)/over
<b>Supplement to Request for Memorandum Account Attachment A - Pipeline Projects</b>				
Replacement of Line 45-163	-	-	208	(208)
Replacement of Line 41-19	-	-	66	(66)
Replacement of Line 43-1106	-	-	752	(752)
Replacement of Line 33-121	-	-	342	(342)
Hydrotesting of Line 33-121	-	-	24	(24)
Replacement of Line 36-1006	-	-	1,678	(1,678)
Replacement of Line 36-1032	-	-	363	(363)
Replacement of Line 35-20-A	-	-	316	(316)
Replacement of Line 35-10	-	-	741	(741)
Replacement of Line 1172 ID 2313 2	-	-	232	(232)
Hydrotesting of Line 317	-	-	441	(441)
Replacement of Line 38-200	-	-	156	(156)
Replacement of Line 45-120X01	-	-	15	(15)
Replacement of Line 41-80	-	-	472	(472)
Replacement of Line 35-22	-	-	78	(78)
Replacement of Line 36-1002	-	-	143	(143)
Replacement of Line 44-687	-	-	570	(570)
Replacement of Line 35-20-N	-	-	175	(175)
Replacement of Line 30-32	-	-	458	(458)
Replacement of Line 41-04-I	-	-	169	(169)
Replacement of Line 41-17-F	-	-	202	(202)
Replacement of Line 41-17	-	-	949	(949)
Program Management Activities	433	451	2,000	(1,549)
<b>Total Supplement to Request for Memorandum Account Attachment A - Pipeline Projects</b>	<b>469</b>	<b>528</b>	<b>54,654</b>	<b>(54,126)</b>

  

SCG			(in \$1,000)	
	September	Project-To-Date Total	Bridge Period (est.)	Remaining Spend (under)/over
<b>Supplement to Request for Memorandum Account Attachment A - Remediated Outside of PSEP (4)</b>				
Replacement of Line 30-6200	-	-	177	-
Replacement of Line 37-49	-	-	5,810	-
Replacement of Line 43-34	-	-	3,117	-
Replacement of Line 1171LT1BP2	-	-	309	-
Replacement of Line 42-46	-	-	364	-
Replacement of Line 41-199	-	-	154	-
Replacement of Line 35-6416	-	-	667	-
Replacement of Line 41-30-A	-	-	163	-
Replacement of Line 41-25-A	-	-	1,026	-
Replacement of Line 41-30	-	-	1,002	-
Hydrotesting of Line 41-90	-	-	196	-
Replacement of Line 41-84	-	-	446	-
Replacement of Line 41-84-A	-	-	684	-
Replacement of Line 42-46-F	-	-	169	-
<b>Total Supplement to Request for Memorandum Account Attachment A - Remediated Outside of PSEP (4)</b>	<b>-</b>	<b>-</b>	<b>14,284</b>	<b>-</b>

# SCG and SDGE PSEP Cost Report to the Commission for September 2012

## Appendix B

SDGE			(in \$1,000)	
	September	Project-To-Date Total	Forecasted Expenditure (est.)	Remaining Spend (under)/over
87	<b>Supplement to Request for Memorandum Account Attachment A - Pipeline Projects</b>			
88	-	-	962	(962)
89	-	-	1,078	(1,078)
90	-	-	491	(491)
91	-	-	118	(118)
92	-	-	2,002	(2,002)
93	-	-	101	(101)
94	-	-	903	(903)
95	-	-	1,240	(1,240)
96	-	-	563	(563)
97	-	-	142	(142)
98	-	-	215	(215)
99	-	-	566	(566)
100	-	-	381	(381)
101	156	158	300	(142)
102	<b>156</b>	<b>158</b>	<b>9,062</b>	<b>(8,904)</b>

(1) Costs reflect actuals for the month of September and project-to-date costs from May 2012 to September 2012

(2) Forecasted expenditures are estimated costs from May 2012 to May 2013.

(3) Costs are in nominal direct dollars.

(4) Pipelines have been or are being remediated outside of PSEP, primarily by the Transmission Integrity Management Program (TIMP).

(5) Costs recovery will include indirects and applicable overheads.

(6) As of September 2012, the SCG balance in the Pipeline Safety and Reliability Memorandum Account reflects a balance of \$12,603,873 which includes balancing account interest and is reduced for costs incurred prior to February 24, 2011 (i.e., the effective date of R.11-02-019).

(7) As of September 2012, the SDGE balance in the Pipeline Safety and Reliability Memorandum Account reflects a balance of \$1,294,922 which includes balancing account interest and is reduced for costs incurred prior to February 24, 2011 (i.e., the effective date of R.11-02-019).

# SCG and SDGE PSEP Cost Report to the Commission for September 2012

## Appendix C

SCG		( in \$1,000)		( in \$1,000)	
		September	Project-To-Date Total	Forecasted Expenditure (est.)	Remaining Spend (under)/over
<b>Supplement to Request for Memorandum Account Attachment B - Records Review and Interim Safety Measure Costs</b>					
Leak Survey and Pipeline Patrol		(22)	554	760	(206)
Records Review		1,035	10,309	10,309	-
Pressure Protection Equipment		-	195	195	-
Other Remediation		1	440	546	(106)
<b>Total SCG Supplement to Request for Memorandum Account Attachment B - Records Review and Interim Safety Measure Costs</b>		<b>1,014</b>	<b>11,499</b>	<b>11,811</b>	<b>(312)</b>

  

SDGE		( in \$1,000)		( in \$1,000)	
		September	Project-To-Date Total	Forecasted Expenditure (est.)	Remaining Spend (under)/over
<b>Supplement to Request for Memorandum Account Attachment B - Records Review and Interim Safety Measure Costs</b>					
Leak Survey and Pipeline Patrol		3	21	37	(16)
Records Review		16	997	997	-
Pressure Protection Equipment		-	3	3	-
Other Remediation		-	1	1	-
<b>Total SDGE Supplement to Request for Memorandum Account Attachment B - Records Review and Interim Safety Measure Costs</b>		<b>19</b>	<b>1,023</b>	<b>1,039</b>	<b>(16)</b>

(1) Costs reflect actuals for the month of September and project-to-date costs from February 2011 to September 2012.

(2) Forecasted expenditures are estimated costs from February 2011 to May 2013

(3) Costs are in nominal direct dollars.

(4) Costs recovery will include indirects and applicable overheads.

(5) As of September 2012, the SCG balance in the Pipeline Safety and Reliability Memorandum Account reflects a balance of \$12,603,873 which includes balancing account interest and is reduced for costs incurred prior to February 24, 2011 (i.e., the effective date of R.11-02-019).

(6) As of September 2012, the SDGE balance in the Pipeline Safety and Reliability Memorandum Account reflects a balance of \$1,294,922 which includes balancing account interest and is reduced for costs incurred prior to February 24, 2011 (i.e., the effective date of R.11-02-019).