Company: Southern California Gas Company (U 904 G)
Proceeding: 2028 General Rate Case
Application: A.26-06-014/015
Exhibit: SCG-04.1

(PUBLIC)

REVISED PREPARED DIRECT TESTIMONY OF JENNIFER L. WALKER

(GAS DISTRIBUTION)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA



September 2026

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SUMMARY

GAS DISTRIBUTION (In 2025 $)			
Categories of Management	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
Total Non-Shared Services	242,683	261,179	18,496
Total Shared Services (Incurred)	0	0	0
Total O&M	**242,683**	**261,179**	**18,496**

GAS DISTRIBUTION (In 2025 $)							
Categories of Management	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
Non-Collectible (NC)[1]	417,035	532,283	604,427	651,686	649,709	653,426	653,422
Collectible (CO)[2]	43,919	30,718	35,483	37,564	37,313	37,473	37,848
Total Capital	**460,954**	**563,001**	**639,910**	**689,250**	**687,022**	**690,899**	**691,270**

Summary of Requests

Southern California Gas Company (SoCalGas or the Company) requests that the California Public Utilities Commission (CPUC or Commission) adopt its Test Year (TY) 2028 General Rate Case (GRC) forecast of $261,179,000 for Gas Distribution operations and maintenance (O&M) expenses. SoCalGas further requests that the Commission adopt its forecast of capital expenditures as reflected in Appendix C.

These investments are reasonable, prudent, and fully justified, as well as being designed with a focus on customer affordability. The activities funded by these requests:

- Maintain and enhance safety;
- Reflect local, state, and federal regulatory and legislative requirements;
- Maintain overall system integrity and reliability;
- Respond to customer demand;

[1] Non-collectible costs are costs that are not expected to be collected from a third-party.

[2] Collectible costs are costs that SoCalGas expects to collect from third parties (*i.e.*, not to be collected from ratepayers).

- Comply with franchise obligations;
- Maintain and strengthen a qualified workforce; and
- Support system resilience in response to escalating climate-related risks.

In addition, my testimony establishes the reasonableness of $169.9 million ($166..4 million in capital expenditures and $3.5 million in O&M expenditures) incurred from 2022 through 2025 in executing the ongoing Mobilehome Park Utility Conversion Program (MHP Program). As directed by the Commission in Decision (D.) 14-03-021, SoCalGas submits the costs of the program annually in the MHP Program Report (Appendix D) and supports the reasonableness as part of its GRC. The reasonableness review of costs is limited to recorded costs and excludes program cost forecasts.

The activities described in my testimony are consistent with the operational laws, codes, and standards established by local, state, and federal authorities.[3] This work safeguards the system's safety and integrity and includes compliance activities such as facility inspections, cathodic protection (CP) maintenance, pipeline facility maintenance, and odorant level monitoring.

Key work areas included in my request in support of this commitment to safety, compliance, risk mitigation, and gas system integrity include:

- Leak Survey: SoCalGas proactively surveys its gas distribution system for leakage at frequencies determined based on the pipe material involved, the operating pressure, the presence of CP, and the proximity of the pipe to various population densities.
- Leak Repair & Restoration: Main and service line leak evaluation and repair work addresses risks on the medium-pressure pipeline system and includes the necessary excavation, paving, and surface restoration required to return affected areas to their original condition.
- Locate and Mark: Gas facilities are located and marked to avoid third-party damage that could create a safety hazard and/or disrupt gas service. By completing this work, SoCalGas provides excavators with important information

[3] *See, e.g.*, Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards, 49 CFR § 192 et seq.; Cal. Gov't Code § 4216 et seq.; General Order (GO) 112-F; and GO 58-A.

to safeguard workers around gas facilities and protect the integrity of the pipeline system.

- Asset Renewal and Replacement: This includes activities to replace and/or abandon pipeline facilities, such as mains, services, regulating and metering equipment, CP systems, and electronic equipment, that have reached the end of their useful lives and present a risk of failure.
- Distribution Integrity Management Program (DIMP) Execution: This supports the Company's obligation to develop, implement, and maintain a distribution integrity management program in compliance with 49 Code of Federal Regulations (CFR) Part 192, Subpart P. The activities funded here are the planning, prioritization, and execution work under Gas Distribution Operations to mitigate distribution pipeline risks and sustain public safety and gas system integrity.

To better understand the TY 2028 forecasts, the following factors should be considered:

- Aging Infrastructure and Reliability: With aging infrastructure, Distribution pipelines and other capital assets require replacement for safety and reliability.
- Risk Mitigating Activities: The activities discussed in my testimony reflect and reinforce SoCalGas's commitment to the safety of our employees, the public, our infrastructure, and our contractors by addressing and reducing identified risks.
- Compliance Activities: Many of the activities in my testimony are driven by compliance obligations, such as 49 CFR § 192 *et seq*.; Cal. Gov't Code § 4216 *et seq*.; GO 112-F; and GO 58-A.
- Obligation to Serve: SoCalGas has an obligation to serve its customers under Pub. Util. Code § 451, necessitating investment in, as well as the operation and maintenance of, a gas system capable of safely and reliably transporting and delivering essential gas service.

REVISED PREPARED DIRECT TESTIMONY OF JENNIFER L. WALKER
(GAS DISTRIBUTION)

I. INTRODUCTION

A. Summary of Gas Distribution Costs and Activities

My testimony supports the Test Year (TY) 2028 forecasts for operations and maintenance (O&M) costs for non-shared services, and capital costs associated with the Gas Distribution area for SoCalGas.

In total, SoCalGas requests the Commission adopt its TY 2028 forecast of $261,179,000 for Gas Distribution O&M expenses. SoCalGas further requests that the Commission adopt its forecast of capital expenditures as reflected in Appendix C. Table JW-1 summarizes my sponsored costs.

In addition, my testimony establishes the reasonableness of $169.9 million ($166.4 million in capital expenditures and $3.5 million in O&M expenditures) incurred through 2025 in executing the ongoing Mobilehome Park Utility Conversion Program (MHP Program).

Certain forecasted activities and estimated costs were presented previously in SoCalGas's 2025 RAMP Application (A.) 25-05-010/013 (consolidated) filed on May 15, 2025. Those activities and any changes since the RAMP filing are detailed in Section V below.

TABLE JW-1
Test Year 2028 Summary of Total Costs

GAS DISTRIBUTION (In 2025 $)			
Categories of Management	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
Total Non-Shared Services	242,683	261,179	18,496
Total Shared Services (Incurred)	0	0	0
Total O&M	**242,683**	**261,179**	**18,496**

GAS DISTRIBUTION (In 2025 $)							
Categories of Management	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
Collectible (CO)	43,919	30,718	35,483	37,564	37,313	37,473	37,848

GAS DISTRIBUTION (In 2025 $)							
Categories of Management	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
Non-Collectible (NC)	417,035	532,283	604,427	651,686	649,709	653,426	653,422
Total Capital	**460,954**	**563,001**	**639,910**	**689,250**	**687,022**	**690,899**	**691,270**

SoCalGas's Gas Distribution is responsible for operating and maintaining SoCalGas's distribution network of over 103,763 miles of interconnected mains and services and delivering natural gas from transmission systems to millions of customer meters in a safe, reliable, and efficient way. In addition, SoCalGas's Gas Distribution supports the construction of new facilities, as driven by customer demand and operational needs. These investments align with SoCalGas's overarching commitment of delivering safe, reliable, and affordable energy today and being ready for tomorrow. Costs associated with Gas Distribution expenditures are based on safety-related mitigations, ongoing maintenance needs, compliance with evolving regulatory standards, and reasonableness reviews to promote prudent investment decisions. Capital expenditures primarily support the installation, replacement, and relocation of distribution pipeline infrastructure, while O&M expenses support the repair, inspection, and mitigation of risk for gas distribution mains and services, measurement and regulator stations, customer meters, regulators, and electronic equipment, including associated engineering, supervision, and planning support.

SoCalGas's distribution network of over 103,763 miles of interconnected mains and services is constructed of steel and plastic in varying diameters and located throughout the service territory to support safe and reliable energy delivery. SoCalGas's Gas Distribution network comprises approximately 52,479 miles of gas mains, which operate at either high pressure (over 60 pounds per square inch (psi)) or medium pressure (60 psi or below). This system contains numerous valves that are capable of isolating the large service territory into smaller operating areas. SoCalGas operates regulator stations located throughout the system to maintain gas pressure, regulate the distribution system, and provide adequate capacity to meet customer needs. In addition, SoCalGas's Gas Distribution maintains approximately 51,284 miles of service lines. The gas service lines connect high- and medium-pressure mains to each customer's meter set assembly (MSA) and, ultimately, to their "house pipeline." SoCalGas

routinely performs work to maintain the daily operation of the system, sustain the necessary capacity to serve all customers, replace damaged or deteriorating facilities, and relocate facilities to meet customer or governmental agency needs. SoCalGas's workforce ranges from front-line construction crews to planners and engineers. There are approximately 2,300 distribution employees located at four operating regional headquarters and 51 operating bases throughout SoCalGas's service territory. These employees are responsible for maintaining the safe and reliable operation of the gas distribution system.

SoCalGas actively evaluates the condition of its pipeline system through O&M activities and replaces pipeline segments to maintain the safe and reliable system that customers expect. With the forecasted level of funding and by continuing to identify ways to improve installation, operation, maintenance, and support activities, SoCalGas anticipates it can continue to manage the distribution system through business and operational challenges and provide service at reasonable rates.

B. Organization of Testimony

My testimony is organized as follows:

- Introduction
- Affordability and Efficiency
- Non-Shared O&M Costs
- Capital
- Risk Assessment Mitigation Phase (RAMP) Integration
- Mobilehome Park (MHP) Utility Conversion Program Reasonableness Review
- Conclusion

C. Support To and From Other Witnesses

My testimony references the testimony and workpapers of several other witnesses, either in support of their testimony or as support for mine. Those testimonies are:

- RDF Integration (Exhibit (Ex.) SCG-02B/SDGE-02B)
- Gas Engineering & System Integrity (GESI) (Ex. SCG-03)
- Customer Services (Ex. SCG-08)
- Information Technology (Ex. SCG-10/SDGE-14)
- Escalation & Gas Customer Forecast (Ex. SCG-20/SDGE-24)

- Regulatory Accounts (Ex. SCG-21)
- Rate Base (Ex. SCG-23)

The descriptions below explain how several of the above witnesses support my testimony and how my testimony supports theirs.

1. System Integrity

Gas Distribution receives support from centralized staff organizations, including Integrity Management, Asset Risk & Strategy Management, and Gas Infrastructure Programs. The support activities provided by these groups are discussed in the GESI testimony (Ex. SCG-03). These activities include formal training for Gas Distribution employees, development and maintenance of Gas Standards, management of Damage Prevention and Public Awareness Programs, research and implementation of tools and technology, administration of the Operator Qualification compliance program, and the Aerial Leak Detection (ALD) Program.

Additionally, this witness area receives support from Integrity Management to identify, evaluate, risk-rank, and recommend mitigation priorities for the Distribution Integrity Management Program (DIMP) Execution, based on the technical basis established by the DIMP Quantitative Risk Assessment (QRA) model. The DIMP labor and non-labor cost forecasts for Data Management, System Knowledge, GIS, and Program Management are discussed in the GESI testimony (Ex. SCG-03). Additional details on DIMP Execution cost are provided in Sections III.B. and IV.L.

2. Information Technology

Gas Distribution also receives support from centralized Information Technology organizations. The activities provided by this group are described in the Information Technology testimony (Ex. SCG-10/SDGE-14) and include Customer Analytics & Notifications and Asset & Work Management Applications. These include support for enterprise systems such as Geographical Information System (GIS), Click, SAP, and related platforms.

3. Small Meter and Regulator Purchases

I sponsor the capital costs associated with the purchase of meters and regulators used by both Gas Distribution and Customer Services. Labor costs for replacing small meters and regulators—typically at residential and small commercial locations—are addressed in Customer Services (Ex. SCG-08). Additional details on these capital purchases are provided in Section IV.B. (Measurement & Regulation Devices) of my testimony.

4. New Meter Set Forecast

Gas Distribution's New Business construction capital costs, and the associated meter and regulator unit purchases, are driven by the number of new customer meter set installations that will install natural gas. Details regarding the forecast for housing growth can be found in the workpaper for Escalation & Gas Customer Forecast (Ex. SCG-20/SDGE-24). Additional information on the forecasted new meter sets is provided in Sections IV.A. (New Business Construction) and IV.B. (Measurement & Regulation Devices) of my testimony.

5. Proposed Capitalization Threshold for Distribution Main Replacement

SoCalGas is proposing to change its capitalization threshold for gas distribution pipe replacement from 40 feet to one foot. This change will align SoCalGas's distribution pipe replacement with SoCalGas's threshold for gas transmission pipe replacement of one foot. Accordingly, SoCalGas will revise the threshold for replaced gas distribution pipe to one foot with the 2028 GRC. This revised policy is further discussed in Rate Base (Ex. SCG-23), and additional information on the capitalization of mains is provided in the accompanying Capital Main Replacement, O&M Main Maintenance, and O&M Leak Repair & Restoration workpapers.

II. AFFORDABILITY & EFFICIENCY

SoCalGas recognizes the importance of customer affordability and is continuously evaluating ways to increase efficiency. Discussed below are some examples in the Gas Distribution area where SoCalGas has enacted measures that support affordability or increase efficiency.

A. Leak Survey & Atmospheric Corrosion (ACOR) Integration

Historically, leak surveys and ACOR inspections were performed separately under 49 CFR §§ 192.723 and 192.481. Leak surveys were conducted on either one-year or five-year cycles, while ACOR inspections were required at three-year intervals. Following the Pipeline and Hazardous Materials Safety Administration's (PHMSA) revision of the ACOR inspection interval to five years, ACOR inspections were incorporated into the leak survey process, enabling alignment with the amendment. Specifically, in 2021, PHMSA amended Section 192.481 to extend ACOR inspection intervals from three to five years, aligning them with leak survey cycles to reduce regulatory burden without compromising safety. An operational

assessment highlighted opportunities for efficiency in deploying the same workforce for both tasks, prompting the formation of a cross-functional task force in 2023 to begin to evaluate integration. Under the proposed plan, the leak survey incorporates ACOR inspections as a single activity, improving alignment with compliance and operational efficiency. Using 2024 as a baseline, SoCalGas completed 2.3 million ACOR inspections and 190 million feet of leak survey with 330 FTEs. Integration will begin in 2026 but will not be fully realized until 2027. For 2027, the integrated approach will require 202 FTEs to perform 189 million feet of leak survey and corresponding inspections, equating to approximately $9.5 million in annual labor cost avoidance. This initiative supports improved safety, enhanced customer experience, financial efficiency, and better employee experience. Details regarding the Leak Survey & ACOR integration are found in my O&M workpaper, Ex. SCG-04-WP (2GD000.001).

B. District Clerical Support Project

The District Clerical Support Project modernizes and streamlines the District Operations Clerk (DOC) function by transitioning historically paper-based administrative activities into standardized digital workflows. Through a comprehensive task analysis, the Company identified opportunities to simplify processes, eliminate duplicative work, and enhance coordination across district operations. These changes result in measurable productivity efficiency gains and enable the consolidation of previously separate Customer Service and Gas Distribution clerical responsibilities into a single, hybrid DOC role. In coordination with SoCalGas's represented workforce, the Company reclassified future DOC hires from Pay Grade 5 to Pay Grade 3, aligning compensation with the redesigned scope of work. The financial impact of these changes is estimated to result in savings of approximately $1.92 million in 2026 and $3.83 million annually beginning in 2027, driven by the timing of staffing changes and the gradual reclassification of Pay Grade 5 positions to Pay Grade 3. Additional operational benefits include the implementation of a centralized clerical site that supports electronic forms, standardized workflows, and performance metrics, as well as the integration of Dispatch into key approval processes. Together, these enhancements improve oversight, reduce overtime risk, promote consistent decision making across districts, and support a more efficient, technology enabled operating model that delivers sustained savings to ratepayers. Details regarding the District Clerical Support project can be found in my Field Operations Management O&M workpaper,

Ex. SCG-04-WP (2GD002.000) and Capital Execution & Engineering workpaper, Ex. SCG-04-CWP (BC903).

C. Natural Gas Leak Abatement Program (NGLAP) Non-Hazardous Leak Repair

The NGLAP supports customer affordability by reducing the duration that non-hazardous leaks remain open, thereby lowering the long-term cost of managing leak inventory. By shortening average repair times from 21 months to eight months between 2020 and 2025, SoCalGas has helped advance the methane-reduction objectives of Senate Bill (SB) 1371 and the California Air Resources Board (CARB),[4] while also reducing ongoing operational requirements for leak monitoring, field verification, and repeated leak investigation field crew deployments driven by recurring customer odor reports. These improvements prevent leaks from persisting and becoming more complex or costly to repair, thereby reducing lifecycle maintenance costs and limiting the need for repeated deployments of field personnel. Recently, the CPUC's Resolution (Res.) G-3605 provided funding only to maintain compliance with applicable mandates and a 20% emissions reduction level.[5] SoCalGas continues to implement efficiencies in how leaks are identified, prioritized, and resolved, so that customers benefit from prudent cost control while environmental and safety gains are sustained. Continued support for this program enables SoCalGas to maintain a more efficient, lower-leak inventory profile, protect customers from the higher costs associated with deferred leak repairs, and uphold the Company's responsibility to provide safe, reliable, and affordable service in alignment with California's long-term climate and energy objectives.

Moreover, Chapters 1 and 4 of SoCalGas's SB 1371 Compliance Plan[6] further enhance the cost effectiveness of the NGLAP through the Large Leak Prioritization program, which enables SoCalGas to deploy repair resources to prioritize the largest emitting leaks. Data from SoCalGas's leak investigation Decision Tree and quantification methodology shows that

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[4] SB 1371 (Leno, 2014), *available at:* https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140SB1371.

[5] Res. G-3605 (September 18, 2025), Approves and Denies in Part Southern California Gas Company's 2024 Compliance Plan, Forecasts, and Caps for its Natural Gas Leak Abatement Program.

[6] SoCalGas, *2026 SB 1371 Compliance Plan* (March 13, 2026), *available at:* https://www.socalgas.com/sites/default/files/2026-03/SoCalGas-2026-Compliance-Plan-FINAL.pdf (submitted pursuant to the Natural Gas Leak Abatement Program).

approximately 2% of all detected leaks account for a disproportionately large share of emissions.[7] By identifying and prioritizing these large emitting leaks, SoCalGas maximizes emission reductions per dollar spent while improving operational efficiency. This targeted approach allows the Company to achieve greater environmental benefits without increasing total repair volumes, reinforcing the affordability and efficiency of the program while meeting the mandated repair timelines. Prioritizing large leaks also mitigates the risk that nonhazardous leaks escalate into more complex or potentially hazardous conditions. Timely intervention reduces the likelihood that leaks grow in size, migrate, or require emergency repairs, which are inherently more expensive and disruptive to customers and communities. Avoiding these downstream costs protects customers from rate impacts associated with reactive work and emergency mobilization, while strengthening overall system reliability.

Details regarding non-hazardous leak repair can be found in my Leak Repair & Restoration O&M workpaper, Ex. SCG-04-WP (2GD000.006).

D. Implementation of Off-Hour Crews

To improve safety and enhance emergency response, SoCalGas introduced off-hour crews in 2023. Prior to this initiative, all Distribution crews typically worked a standard shift from 6:00 a.m. to 2:30 p.m. or from 6:30 a.m. to 3:00 p.m. including meal periods. This initiative was driven by the goal of having employees who were rested and had not already worked a full day available when off-hour emergencies occur to reduce fatigue-related safety risk. The employees would also be ready to mobilize and respond more quickly through additional hours of the day, already in uniform and on duty. Beyond the safety benefits, this initiative has resulted in cost efficiency achieved through lower overtime and reduced disruption to the planned work schedule caused by the requirement to provide employees with a minimum rest period after emergency response to mitigate fatigue. Previously, employees who worked off-hours had to miss the next day to rest, leading to unplanned schedule disruptions and suboptimal routes. The implementation of off-hour crews strengthens safe and reliable emergency coverage by reducing fatigue exposure while improving operational stability.

[7] *Id.* at 22, Figure 1 (Leak Investigation Decision Tree).

III. NON-SHARED O&M COSTS

"Non-Shared Services" are activities that are performed by a utility solely for its own benefit. Corporate Center provides certain services to the utilities and to other subsidiaries. For purposes of this GRC, SoCalGas treats costs for services received from Corporate Center as Non-Shared Services costs. Table JW-2 summarizes the total non-shared O&M forecasts for the listed cost categories.

Gas Distribution requests that the Commission adopt a TY 2028 forecast of O&M expense for non-shared services of $261,179,000. This is an increase of $18,496,000 over the 2025 adjusted-recorded base. This increase is primarily the result of Leak Repair & Restoration, which is driven by regulatory requirements, improved leak detection, and aging infrastructure. The costs are necessary to protect public safety, reduce methane emissions, maintain system integrity, and avoid higher long-term safety and cost risks from deferred repairs.

TABLE JW-2
Non-Shared O&M Summary of Costs

GAS DISTRIBUTION (In 2025 $)			
Categories of Management	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
A. Field Operations and Maintenance	172,047	193,242	21,195
B. DIMP Execution	30,648	30,696	48
C. Field Operations Management	20,631	17,782	(2,849)
D. Planning Engineering & Project Management	4,067	4,089	22
E. Integrated Strategy & Resource Management	15,290	15,370	80
Total Non-Shared Services	**242,683**	**261,179**	**18,496**

The Commission should find this forecast reasonable and fully justified in that: (1) the activities support continued delivery of safe and reliable service; (2) the activities are consistent with local, state, and federal regulations; (3) the activities respond to the operations, maintenance, and construction needs associated with the demands of city, county, and state agencies; (4) the forecast amounts are reasonable in light of the historical spending and the anticipated work; and (5) the activities support SoCalGas's commitment to mitigate risk associated with hazards to employees, the public, SoCalGas's infrastructure, and contractors.

A. Field Operations and Maintenance

TABLE JW-3
Non-Shared O&M – Field Operations and Maintenance

GAS DISTRIBUTION (In 2025 $)			
A. Field Operations and Maintenance	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
1. Field Support	17,726	17,950	224
2. Leak Survey	29,359	19,993	(9,366)
3. Locate and Mark	24,852	25,020	168
4. Main Maintenance	5,536	6,631	1,095
5. Service Maintenance	7,804	9,365	1,561
6. Tools Fittings and Materials	23,718	27,367	3,649
7. Leak Repair & Restoration	35,099	58,701	23,602
8. Measurement & Regulation	13,420	13,623	203
9. Cathodic Protection	14,533	14,592	59
Total	**172,047**	**193,242**	**21,195**

Included in this section of my testimony are the activities and the associated O&M expenses to address the physical condition of the gas distribution system. Gas Distribution activities are carried out within a regional organizational structure. Similar activities are conducted at 51 operating bases located throughout the 24,000-square-mile service territory. The activities completed at these operating bases form the essence of the Field O&M category. For clarity and alignment with the structure of the workpapers, the testimony is organized in the order of the workpaper numbering. These activities can be described as preventative, corrective, or supportive. Preventative work is generally completed on a scheduled basis and includes the activities and associated costs presented within workgroups such as Leak Survey, Locate and Mark, and Measurement & Regulation. Corrective work is generally reactive to a situation or a facility condition and includes the activities and associated costs presented in the workgroups of Main Maintenance, Service Maintenance, Leak Repair & Restoration, and CP. Finally, supportive elements are necessary to complete work assignments and include the activities and the associated costs presented in the workgroups of Field Support and Tools, Fittings, and Materials.

1. Field Support (2GD000.000)

TABLE JW-4
Non-Shared O&M – Field Support

GAS DISTRIBUTION (In 2025 $)			
A. Field Operations and Maintenance	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
1. Field Support	17,726	17,950	224

a. Description of Costs and Underlying Activities

The Field Support cost group covers the foundational activities and resources needed to keep Gas Distribution field operations running safely, effectively, and in compliance with regulations. Table JW-4 above summarizes Gas Distribution O&M costs associated with Field Support activities. This cost group supports:

- Field Employee Training Time;
- Field Employee Meetings and Operational Readiness;
- Materials and Administrative Support; and
- Operations Communication System.

Field Support funds employee training to promote performance of work safely and competently. This includes new-hire training, Operator Qualification, refresher courses, and training for new tools, technologies, policy updates, or regulatory changes. Field employees remain skilled, compliant, and prepared for daily operations because of these activities.

Employee meetings and operational readiness include time dedicated to safety meetings, communication briefings, base operations reviews, preparing trucks with tools and materials, and performing base audits. These "off production" hours are essential to maintaining workforce readiness, reinforcing safety culture, and sustaining operational coordination.

Materials and administrative support provide the logistical and administrative needs for all Field O&M workgroups. Examples include office supplies, cell phones and communications tools, trash services, miscellaneous contracts associated with the operations facilities, and general employee expenses. These costs are necessary for field crews and support teams to have the basic necessities needed for day-to-day activities.

In addition to investing in workforce readiness and operational infrastructure, SoCalGas continues to modernize its customer-facing capabilities to enhance safety, transparency, and operational effectiveness. The Operations Communication initiative, as discussed further in the Information Technology testimony (Ex. SCG-10/SDGE-14), enables SoCalGas to notify customers of impending work. Operations Communication develops a consistent, scalable, and reliable data transfer channel between customer asset data and other enterprise systems. The project provides a framework for notifying customers via multiple communication channels (*e.g.*, text and email). This initiative will promote company-wide consistency in customer notifications and further meet customers' expectations. These notifications address customer concerns about impostors on their property, a situation that can create tension or unsafe conditions for technicians entering unfamiliar environments. Additionally, integrating these capabilities is critical to supporting emergency response efforts and supporting timely and accurate information dissemination during emergency situations. This initiative will also allow SoCalGas to meet some of the directives of Assembly Bill (AB) 1410,[8] which requires utilities to enroll their customers in alerts for service outages and updates. Together, these efforts represent an investment in strengthening operations and improving customer communication. For more information, please reference the Information Technology testimony (Ex. SCG-10/SDGE-14) and the corresponding capital workpapers (Ex. SCG-10-CWP (D07530) – Asset Spatial Products & Emergency Response).

The Field Support workgroup underpins the safety, reliability, and effectiveness of SoCalGas's Gas Distribution system by providing skilled, qualified employees; consistent operational communication; essential materials and administrative support; and a reliable customer communication system. Together, these elements enable field staff to perform work safely, efficiently, and in compliance with regulatory requirements.

b. Forecast Method

The forecast method for Field Support is based on Base Year (BY) 2025. This method is most appropriate because it best reflects the future requirements for this workgroup. The overall size of the Gas Distribution workforce directly influences the costs within this workgroup, as it

[8] AB 1410 (Garcia, 2022) *available at:* https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1410.

captures the off-production time associated with all Gas Distribution Field O&M workgroups. SoCalGas anticipates maintaining its Distribution field workforce at levels consistent with 2025.

c. Cost Drivers

The cost drivers behind the Field Support forecast are the time and resources required to support training, meetings, materials, and administrative support for the Gas Distribution organization's workforce. Incremental costs have been added to the forecast to account for the new Operations Communication initiative, which will strengthen operations, improve customer communication, and meet requirements of AB 1410, as discussed above.

Additionally, changes in connection with the compensation modernization initiative have been made for the forecast period within this workgroup. *See* the Compensation and Benefits testimony (Ex. SCG-16/SDGE-20).

2. Leak Survey (2GD000.001)

TABLE JW-5
Non-Shared O&M – Leak Survey

GAS DISTRIBUTION (In 2025 $)			
A. Field Operations and Maintenance	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
2. Leak Survey	29,359	19,993	(9,366)

a. Description of Costs and Underlying Activities

The Leak Survey cost group includes labor and non-labor expenses incurred to perform the task of leak surveys. Leak survey activities are mandated by federal and state regulations, including 49 CFR § 192.723 (Distribution Systems: Leakage Surveys) and GO 112-F.[9] Table JW-5 above summarizes Gas Distribution O&M costs associated with Leak Survey activities.

SoCalGas conducts routine leak surveys of its distribution mains and services at intervals based on regulatory requirements and system specific risk factors. During a leak survey, field employees patrol above the locations of distribution mains and service lines using approved leak detection equipment to identify gas indications, classify leaks, and generate immediate repair work orders as necessary. The activities performed under this cost workgroup are preventative

[9] 49 CFR § 192.723 (Distribution systems: Leakage surveys); GO 112-F.

in nature, and as of the base year, SoCalGas is responsible for performing periodic leak surveys on approximately 103,763 miles of distribution mains and services.

Survey frequency is determined by several factors, including pipe material (e.g., plastic or steel), operating pressure, the presence or absence of CP, and the proximity of the pipeline to population centers. For example, annual leak surveys are performed in business districts, defined as principal business areas where large numbers of people regularly congregate, and in the vicinity of public service establishments such as schools, churches, and hospitals.[10] In residential areas, leak surveys are generally conducted on a five-year cycle for plastic and cathodically protected steel mains and services, consistent with applicable regulatory requirements. Cathodically unprotected steel main and services are surveyed at least once every three calendar years.

In addition to these regulatory requirements, SoCalGas has implemented enhanced survey frequencies for certain higher risk assets. Specifically, the Company has accelerated leak survey intervals for pre-1986 plastic pipe, commonly referred to as Aldyl-A, from a five-year cycle to an annual cycle. Aldyl-A is a type of polyethylene plastic pipe material that was widely installed in the natural gas industry from the late 1960s through the early 1980s and has demonstrated susceptibility to brittle-like cracking as it ages. Consistent with a risk-based approach to pipeline safety, this enhanced leak survey frequency was previously reviewed and adopted by the Commission in the TY 2019 and TY 2024 GRC proceedings and continues to represent an approved measure to address known material-related risks and support public safety.

Beyond routine surveys, SoCalGas performs special or non-routine leak surveys on a targeted basis when warranted by specific conditions or events as required by federal regulations. These special surveys are conducted in circumstances such as prior to street improvement projects to address potential leaks ahead of street moratoriums; following significant incidents (including earthquakes, flooding, landslides, explosions, or train derailments) occurring over or adjacent to gas facilities; when increasing the maximum allowable operating pressure (MAOP) of a pipeline; when routine survey intervals are not considered adequate due to pipe condition or limited ability for gas to vent safely; or when additional monitoring is necessary to support special evaluations, such as material assessments or integrity management activities.

[10] 49 CFR § 192.723.

Lastly, also included in the Leak Survey workgroup are order types called Bar Per Policy and Can't Get In (CGI). Bar Per Policy orders are leak investigation orders that involve taking underground samples to investigate the presence of gas. This order type is generally issued as a follow-up to aboveground or customer facility leak orders. CGI orders are an order issued to return to an address that was not accessible at the time of survey during a leak survey order.

i. Leak Survey and ACOR Integration

As discussed in Section II (Affordability & Efficiency), SoCalGas is integrating ACOR inspections into the Leak Survey process. Leak Surveys are conducted at various frequencies that do not exceed five years under current regulatory requirements. Following amendments to 49 CFR § 192.481 in 2021, which extended the allowable interval for ACOR inspections from three years to five years, SoCalGas identified an opportunity to integrate ACOR inspection with routine leak survey activities.

Under the integrated process, ACOR inspections are performed concurrently with leak surveys. The leak survey process already requires employees to survey gas pipelines up to and including the MSA. As part of this integration, operator-qualified leak survey personnel now perform a visual inspection of the MSA during the leak survey per SoCalGas policies, which meets the applicable ACOR inspection requirements per the CFR. Although the addition of the inspection task increases the time required to complete an individual leak survey, integrating the activities eliminates the need for separate site visits and duplicative labor. This integration is expected to result in overall operational efficiencies, including an estimated annual labor cost avoidance of approximately $9.5 million, while continuing to meet all applicable safety and regulatory requirements. SoCalGas has made adjustments to the historic period of 2021-2025 to present the costs related to the ACOR inspections, that were conducted by Customer Services, within the Leak Survey workpaper. Adjustments have been made in the forecast period of 2026-2031 to present the anticipated efficiency of the ACOR inspection integration as discussed below under Forecast Method.

ii. Description of RAMP Mitigations

Within this cost category, there are non-shared O&M costs for risk control C178 (Distribution Leak Survey) that were presented in the 2025 RAMP Report and are listed in the

table below. This mitigation was presented in both the Medium Pressure Gas System risk chapter and the High Pressure Gas System risk chapter.[11]

This RAMP mitigation comprises 100% of the workpaper. The activity, as described in Section III.A.2.a. (Description of Costs and Underlying Activities), is the same as the RAMP mitigation. The activities are mandated by federal and state regulations including 49 CFR § 192.723 (Distribution Systems: Leakage Surveys) and GO 112-F.

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-6
RAMP and GRC Risk Control/Mitigation Activities – O&M

Leak Survey				
ID	**Control/Mitigation Name**	**2025 RAMP 2028 Estimate In 2024 $ (000s)**	**2028 GRC 2028 Forecast In 2025 $ (000s)**	**Change (000s)**
C178	**Distribution Leak Survey (HP)**	3,881	6,658	2,777
C178	**Distribution Leak Survey (MP)**	16,393	13,335	(3,058)
	TOTAL	**20,274**	**19,993**	**(281)**

iii. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The Enterprise Risk Management (ERM) process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

[11] 2025 RAMP Report, Chapter SCG-Risk-2 High Pressure Gas System; Chapter SCG-Risk-3 Medium Pressure Gas System, *available at:* https://www.socalgas.com/socalgas-2025-ramp-application.

C178 is a foundational RAMP mitigation that supports C179 (Distribution Main and Service Leak Repair). These surveys, mandated by federal and state regulations (PHMSA/DOT Regulation 49 CFR § 192, Subpart M, 192.723), involve comprehensive monitoring and inspection to detect gas leaks in designated areas. Upon identification, these leaks are promptly assessed and repaired to seek the safety and integrity of the gas pipeline system.

As part of the 2025 RAMP Report, the costs that were considered for this mitigation included costs for routine leak survey, special leak survey, and ALD. The activities included in this mitigation, as they are presented in this GRC filing, include costs for routine leak survey, special leak survey, and additional costs associated with the time to perform ACOR inspections while performing routine and special survey. The costs associated with routine and special leak survey are included within my witness area. For costs associated with ALD, please reference the GESI testimony (Ex. SCG-03).

b. Forecast Method

The forecast for Leak Survey costs is based on BY 2025, with targeted adjustments to reflect known changes in work execution during the GRC forecast period. This forecasting approach is appropriate because the overall volume of routine and special leak survey activity is expected to remain relatively stable year to year, as survey mileage and frequency are driven by regulatory requirements, system characteristics, and risk-based criteria rather than discretionary program expansion. As a result, the base year provides a reasonable and representative foundation for estimating ongoing labor and non-labor costs associated with Leak Survey activities.

To accurately represent current operating conditions in the base year, SoCalGas updated historical costs for the 2021–2025 period to include the labor and non-labor costs associated with the ACOR meter inspection process. These inspections were previously performed independently and outside of the Leak Survey organization, but the historical data applied in this testimony reflects the full cost of performing meter set ACOR inspections prior to their operational integration with Leak Survey activities. Consequently, the base year already captures the cost of performing these inspections and does not require an additive adjustment for the inspection task itself.

Adjustments to the forecast period reflect the expected efficiencies associated with integrating the meter set ACOR inspection task into the Leak Survey process. As described

elsewhere in this testimony, responsibility for performing meter set inspections is being transferred from Customer Services to Gas Distribution and will be performed concurrently with leak surveys. Because the inspection task is already embedded in the historical cost baseline, the forecast does not reflect an increase in total inspection workload. Instead, it reflects productivity gains achieved by eliminating separate site visits and duplicative labor through task consolidation.

By performing meter set inspections during scheduled leak surveys, SoCalGas is able to streamline field operations while continuing to meet applicable regulatory requirements. The forecast therefore captures the anticipated efficiency benefits of this integration, while maintaining continuity with the historical cost record. Overall, the base year forecasting method, combined with these focused efficiency-related adjustments, appropriately reflects expected Leak Survey costs during the GRC period and supports a prudent, cost-effective approach to ongoing system safety.

c. Cost Drivers

The primary cost driver for Leak Survey activities is the total mileage of distribution mains and services subject to routine and special leak survey requirements. Survey mileage and frequency are driven by federal and state pipeline safety regulations and risk-based criteria such as pipe material, operating pressure, cathodic protection (CP) status, and population density. Because these factors are largely stable over the GRC period, the overall volume of leak survey work is expected to remain relatively consistent year by year.

A secondary cost driver is the labor required to perform leak surveys on a per mile basis. Changes in work execution can affect the labor time associated with each survey mile, even when survey mileage remains unchanged. As previously described, the leak survey process now incorporates the meter set ACOR inspection task, which increases the time required to complete an individual leak survey when compared to the historical process.

However, the historical cost baseline used for forecasting already includes the costs associated with performing meter set ACOR inspections. As a result, the inclusion of the inspection task does not represent a new or incremental workload in the forecast. Instead, the forecast reflects the efficiency impacts associated with integrating the inspection task into the leak survey process and transferring responsibility for the work from Customer Services to Gas Distribution.

By performing meter set inspections during scheduled leak surveys, SoCalGas eliminates the need for separate site visits and reduces duplicative labor that previously occurred when the activities were performed independently. This consolidation improves overall productivity and operational efficiency, which partially offsets the increase in per survey labor time and mitigates upward pressure on unit costs. Accordingly, the forecast reflects stable survey mileage, adjusted per mile labor costs, and the net efficiency benefits achieved through task integration and organizational alignment.

3. Locate and Mark (2GD000.002)

TABLE JW-7
Non- Shared O&M – Locate and Mark

GAS DISTRIBUTION (In 2025 $)			
A. Field Operations and Maintenance	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
3. Locate and Mark	24,852	25,020	168

a. Description of Costs and Underlying Activities

The Locate and Mark cost group supports O&M costs associated with preventing damage caused by third-party excavators working near underground gas facilities. Locate and Mark activities are mandated by federal and state regulations, including 49 CFR § 192 and California's "One-Call" statute, which requires the owner of underground facilities to identify and mark their substructures at the locations of planned excavations.[12] Table JW-7 above summarizes Gas Distribution O&M costs associated with Locate and Mark activities.

The activities performed under this cost workgroup are preventative in nature and are required to mitigate the risk of damage from excavation activities near SoCalGas's underground gas facilities. This cost group supports the following activities:

- Locating and marking SoCalGas's underground pipelines;
- Conducting stand-by of excavation activities near High-Pressure gas facilities;
- Performing pothole operations; and
- Performing depth checks.

The first and most fundamental activity supported by this cost workgroup is the locating and marking of SoCalGas's underground gas facilities, which serves as the initial step in

[12] Cal. Gov't Code § 4216, et seq.

mitigating risks associated with excavation activities. Once a notification is received from Underground Service Alert (USA) Region Notification Center, SoCalGas has two working days to respond by identifying the location of its facilities within the identified parameter of a pending excavation project.[13] Locate and Mark employees receive work orders electronically through Mobile Data Terminals (MDTs), either wirelessly in the field or while docked at the operating base. Employees travel to the excavation site and identify the location of underground gas facilities utilizing an electronic pipe-locating device, system maps, and service history records. Color-coded surface markings are then placed to visually identify the location of SoCalGas's underground facilities.

Locate requests vary widely in scope, ranging from a single point excavation to large scale construction projects extending thousands of feet and requiring extensive field effort to accurately mark pipeline locations. Historical Locate and Mark ticket volumes and total workpaper costs are shown in Table JW-8 below.

TABLE JW-8
Locate and Mark

Total SoCalGas Gas Distribution USA Tickets					
	2021	**2022**	**2023**	**2024**	**2025**
Number of USA Tickets	901,453	986,263	928,071	912,022	977,341
Annual Expense (000s)	$22,171	$24,633	$24,998	$26,021	$24,852

The second excavation damage prevention activity supported under this cost workgroup is the provision of stand-by monitoring for excavation activities occurring in proximity to SoCalGas's high-pressure gas facilities. California regulations require a mandatory pre-construction meeting for certain projects and continuous monitoring of excavations occurring within ten feet of high-pressure gas pipelines.[14] The role of the operator-qualified field employee performing a stand-by is to verify third parties adhere to appropriate excavation practices while working in the vicinity of a high-pressure gas pipeline, thereby reducing the risk of damage to facilities and enhancing public and infrastructure safety.

The third excavation damage prevention activity supported by this cost workgroup is pothole operations to visually confirm the location and depth of underground gas facilities.

[13] Cal. Gov't Code § 4216.2.

[14] *Id.* § 4216.2(c).

Potholing activities are performed within California's "Tolerance Zone"[15] and involve small, targeted excavations to visually confirm the precise location of gas facilities. A USA notification generates a formal request for locate services, and where markings indicate a potential conflict, potholing may be used to verify facility alignment and depth.

The fourth excavation damage prevention activity supported under this cost workgroup is depth checks to verify adequate cover over underground gas facilities and confirm compliance with clearance requirements. Depth checks involve excavating over existing SoCalGas pipelines in advance of specific construction projects to determine facility elevation. This information is often required for municipal projects and can help prevent conflicts, avoid unnecessary relocations, and reduce overall project costs when incorporated into construction design.

The Dig Safe Act of 2016 strengthened enforcement of California's excavation laws by establishing the California Underground Facilities Safe Excavation Board, which is authorized to take enforcement action under California Government Code Section 4216.[16] In addition, the Wade Kilpatrick Gas Safety and Workforce Adequacy Act of 2021[17] authorizes civil penalties of up to $100,000 for knowing and willful violations that result in damage to gas or hazardous liquid pipelines. These legislative actions, along with SoCalGas's ongoing efforts to promote the use of the "one-call" system, have increased excavator awareness and USA notification volumes. These activities ultimately reduce the risk of safety incidents and avoid avoidable emergency and restoration costs.

Recently, the PHMSA issued an advisory bulletin[18] to all owners and operators of gas and hazardous liquid pipeline facilities to highlight the critical importance of excavation damage prevention during periods of significant infrastructure growth. The bulletin emphasized the need for adherence to the Common Ground Alliance best practices, accurate and timely locating, and proactive coordination with excavators to prevent pipeline strikes. The activities described in this workgroup allow SoCalGas to adhere to the expectations of the advisory bulletin.

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15 Cal. Gov't Code § 4216(u).

16 *Id.* § 4216.

17 SB 297 (Durazo, 2021), *available at:* https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB297.

18 Docket No. PHMSA–2026–1585, Pipeline Safety: Advisory Bulletin on Preventing Excavation Damage During National Safe Digging Month and Beyond, 91 Fed. Reg. 76,21368 (April 21, 2026), *available at:* https://www.govinfo.gov/content/pkg/FR-2026-04-21/pdf/2026-07752.pdf.

Damage caused by excavation activities poses a significant safety risk and can result in serious consequences for public safety and system reliability. SoCalGas manages the risk of third-party excavation damage through mitigation measures refined and implemented over many years, including locate and mark, stand-by, potholing, and depth checks. These activities protect public safety, prevent service interruptions, and preserve the integrity and reliability of the gas distribution system and affordability.

i. Description of RAMP Mitigations

Within this cost category, there are non-shared O&M costs for risk control C002 (Damage Prevention Activities) that were presented in the 2025 RAMP Report and are listed in the table below.[19]

This RAMP mitigation comprises 100% of the workpaper. The activity described in Section III.A.3.a. (Description of Costs and Underlying Activities) is the same as the RAMP mitigation. Locate and Mark activities are mandated by federal and state regulations, including 49 CFR § 192 and California's "One-Call" statute, which requires the owner of underground facilities to identify and mark their substructures at the locations of planned excavations.

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-9
RAMP and GRC Risk Control/Mitigation Activities – O&M

Locate and Mark				
ID	**Control/Mitigation Name**	**2025 RAMP 2028 Estimate In 2024 $ (000s)**	**2028 GRC 2028 Forecast In 2025 $ (000s)**	**Change (000s)**
C002	**Damage Prevention Activities HP**	826	773	(53)
C002	**Damage Prevention Activities MP**	25,903	24,247	(1,656)
	TOTAL	**26,729[20]**	**25,020**	**(1,709)**

[19] 2025 RAMP Report, Chapter SCG-Risk-1 Excavation Damage.

[20] The total RAMP O&M forecast for C002 is $31.6 million. The cost shown on the table represents the estimated RAMP O&M forecast allocated to this workpaper, proportional to the GRC O&M forecast, representing 88.8% of the total activity. The other portion of costs for C002 can be found in the GESI testimony (Ex. SCG-03) and the Gas Transmission & Storage testimony (Ex. SCG-05).

ii. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

C002 is a mitigation that directly supports the Company's efforts to minimize third-party damages. In the 2025 RAMP filing, Excavation Damage was a stand-alone risk chapter. SoCalGas has since re-evaluated its risk registry and considers the excavation damage risk to be a driver associated with the Medium Pressure Gas System and High Pressure Gas System risks. The activities previously described associated with this mitigation collectively reduce the risk of damage to the Company's infrastructure. Locate and Mark activities are mandated by federal and state regulations, including 49 CFR § 192 and California's "One-Call" statute, which require the owner of underground facilities to identify and mark their substructures at the locations of planned excavations.

Damage Prevention Activities is a mitigation that receives support from multiple witness areas. Gas Distribution, Gas Transmission and Gas Engineering share costs associated with this mitigation.

b. Forecast Method

The Locate and Mark forecast is based on BY 2025, which is the most representative year of ongoing costs. A base year methodology is appropriate because Locate and Mark activities are expected to remain relatively stable throughout the GRC period. These activities are primarily driven by construction activity across the service territory and by continued public awareness and compliance with One-Call requirements.

c. Cost Drivers

Key cost drivers include changes in federal, state, and local regulatory requirements, as well as the level of construction and development activity in both the public and private sectors. Construction drivers include residential development, commercial and industrial projects, roadway and infrastructure improvements, sewer and storm drain projects, and other municipal

construction. Based on historical trends, SoCalGas expects overall work volume and demand levels associated with these activities to remain generally consistent over the forecast period.

Additionally, changes in connection with the compensation modernization initiative have been made for the forecast period within this workgroup. *See* the Compensation and Benefits testimony (Ex. SCG-16/SDGE-20).

4. Main Maintenance (2GD000.003)

TABLE JW-10
Non-Shared O&M – Main Maintenance

GAS DISTRIBUTION (In 2025 $)			
A. Field Operations and Maintenance	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
4. Main Maintenance	5,536	6,631	1,095

a. Description of Costs and Underlying Activities

The Main Maintenance cost group reflects activities that are necessary to comply with federal pipeline safety regulations 49 CFR § 192 and California requirements GO 112-F, and to maintain the safety, integrity, and long-term reliability of SoCalGas's gas distribution mains and related infrastructure. These costs are driven by public safety obligations, regulatory requirements, and external conditions affecting facilities throughout SoCalGas's service territory. Table JW-10 summarizes the Gas Distribution O&M costs associated with Main Maintenance activities.

Main Maintenance costs are primarily driven by (1) preventive maintenance activities performed to proactively reduce risk and maintain compliance with safety regulations, (2) corrective maintenance necessary to address damage or deteriorated conditions affecting system assets, (3) gas sample odorant testing, and (4) obligations that require the alteration of facilities located in public rights of way.

The first activity supported under Main Maintenance is preventive main maintenance, which represents the foundation of Main Maintenance work and is performed to proactively reduce risks to public safety, maintain system integrity, and confirm reliable system operations. These activities are required by applicable safety regulations and industry standards and are conducted throughout SoCalGas's extensive distribution system. Preventive maintenance activities can include:

- Patrolling high pressure supply lines to observe surface conditions for evidence of abnormal operating conditions, unauthorized excavation activity, land movement, or other factors that could affect safe operations;
- Installing, repairing, and maintaining high pressure pipeline warning signs;
- Inspecting bridge crossings and pipeline spans for signs of damage or deterioration;
- Inspecting and maintaining distribution system valves such as verify proper operation when needed;
- Clearing rights of way of vegetation and debris to maintain safe access to system facilities; and
- Inspecting areas with known or potential land movement that could adversely affect pipeline integrity.

The second activity supported under Main Maintenance is miscellaneous, or corrective, main maintenance, which are performed to address conditions identified through preventive inspections, third-party damage, or changes in surface conditions that could affect system safety or reliability if left unaddressed. These activities include, but are not limited to:

- Repairing damage to SoCalGas pipelines and related facilities;
- Raising or lowering valve casings to maintain proper alignment with surrounding surface conditions; and
- Repairing protective coatings on distribution mains that have been damaged by excavation or construction activity performed by other entities.

The third activity supported under Main Maintenance is gas sample odorant testing, which is a federally mandated[21] activity performed to verify the presence of odorant in the gas distribution system. Odorants are added to natural gas as a critical public safety measure to make gas leaks readily detectable. Testing is conducted using an odorometer at selected locations throughout the distribution system to obtain representative samples and confirm ongoing compliance with odorization requirements.

In addition to preventive, corrective, and compliance related activities, Main Maintenance includes alterations requested by external parties, including municipalities,

[21] 49 CFR § 192.625 (Odorization of gas).

developers, or customers, to the existing distribution mainlines throughout SoCalGas's approximately 24,000 square mile service territory. SoCalGas maintains agreements that govern SoCalGas's use of public rights of way and typically obligate the Company to modify or relocate facilities when municipal infrastructure projects conflict with existing gas facilities. Common projects include street resurfacing, widening, or full reconstruction, as well as sewer and water pipeline construction or replacement. These projects can require activities ranging from raising valve lids and casings after paving to relocating segments of gas distribution mains. Because this work is initiated, scheduled, and scoped by external parties, the resulting maintenance activity and associated costs may vary significantly from year to year based on municipal priorities and economic conditions.

i. Description of RAMP Mitigations

Within this cost category, there are non-shared O&M costs for risk mitigation C134 (Pipeline Monitoring) that were presented in the 2025 RAMP Report. This mitigation was presented in both the Medium Pressure Gas System risk chapter and the High Pressure Gas System risk chapter.[22] The cost allocations for each chapter are presented in the table below.

As a part of its preventive maintenance activities discussed above, SoCalGas conducts comprehensive pipeline monitoring and inspection activities to proactively address risk factors that can lead to operational and safety issues. The monitoring activities performed by the Gas Distribution Department on Medium and High Pressure pipelines include bridge and span inspections, unstable earth inspections, valve inspections, and pipeline patrols.

Bridge and Span: Bridge and Span inspections involve distribution pipeline spans, pipe supported on bridges, aboveground (or jacketed) pipelines, and other exposed pipelines (as installed). In accordance with regulatory requirements, 49 CFR § 192.481, each pipeline or portion of pipeline that is exposed to the atmosphere must be inspected for evidence of ACOR. During inspections employees performing the inspection must give particular attention to pipe at soil-to-air interfaces.

Company employees performing the pipeline inspections on bridges and spans, and aboveground pipelines will investigate and report on the following:

[22] 2025 RAMP Report, Chapter SCG-Risk-2 High Pressure Gas System; Chapter SCG-Risk-3 Medium Pressure Gas System.

- Indications of abnormal operating conditions such as gas leakage
- Corrosion damage to pipe
- Stress on the pipe
- Deterioration of protective coatings
- Pipe supports
- Soil Erosion
- Condition of pipeline markers and stenciling
- Condition of fencing and personnel barriers
- Damage to the pipe
- Any other condition which might affect the operation or safety of the pipe

Unstable Earth: Unstable Earth inspections are performed where physical movement or external loading that could cause failure or leakage is anticipated. Additional special patrols for high pressure pipelines and distribution mains are conducted as necessary immediately after events that could cause pipeline movement or loading conditions to change. These events may include earthquakes, heavy rain, flooding, sinkholes, landslides, or indications of earth movement, surface subsidence or cracking, that would result in "unstable earth" conditions.

Conditions that must be reported as part of unstable earth inspections, as required by 49 CFR § 192.613, include the following:

- Landslides or indications of earth movement, such as cracks or slumping
- Flooding or unusual erosion of roads, banks, rights of way, etc.
- Surface subsidence or cracking of land and paved surfaces
- Evidence of gas leakage
- Needed repairs on adjacent foreign structures that might endanger the pipeline
- Needed maintenance of Company facilities, *e.g.*, gates, fences, patrol roads, weed or brush removal, etc.

Valve Inspections: Valve inspections are performed to confirm the proper operation of valves within the distribution system, which enhances public safety by enabling SoCalGas to control the pressure and flow of gas in the system. Valves operating at optimum effectiveness provide that, in an event such as an earthquake, areas are capable of being fully isolated to reduce the risk of incident. More frequently, when excavation damage occurs, these valves can

be operated to create a safe environment to complete repairs and minimize the risk of further incidents. The following summarizes the requirements for completing these preventative measures as prescribed within 49 CFR § 192.747 and followed by SoCalGas:

1. Each valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year.
2. Each operator must take prompt remedial action to correct any valve found inoperable, unless the operator designates an alternative valve.

Pipeline Patrol: Pipeline patrols are conducted by trained personnel familiar with the location and operation of the high pressure pipelines. Qualified Distribution Field employees are responsible for using Pipeline Patrol Maps that depict the location of the high pressure pipe and the frequency with which the pipe should be patrolled to aid in pipeline patrol activities. Employees are responsible for installing and maintaining pipeline markers in their operating territories. They replace or repair missing signs or sign information that is no longer legible, dirty, damaged, or containing outdated information (such as incorrect phone numbers).

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-11
RAMP and GRC Risk Control/Mitigation Activities – O&M

Main Maintenance				
ID	**Control/Mitigation Name**	**2025 RAMP 2028 Estimate In 2024 $ (000s)**	**2028 GRC 2028 Forecast In 2025 $ (000s)**	**Change (000s)**
C134	**Pipeline Monitoring (HP)**	659	666	7
C134	**Pipeline Monitoring (MP)**	868	870	2
	TOTAL	**1,527**	**1,536**	**9**

ii. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an

effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

C134 was selected and prioritized as a RAMP mitigation because it is a core, proactive control that addresses key safety and reliability risk drivers across SoCalGas's Medium Pressure and High Pressure gas systems. This mitigation supports the early identification of degraded conditions, abnormal operations, and external threats that could otherwise progress into gas leaks, service interruptions, or more significant safety incidents. By enabling timely intervention, Pipeline Monitoring directly supports SoCalGas's ability to provide safe, reliable, and continuous gas service to customers.

C134 consists of regulatorily required inspection and patrol activities that collectively allow SoCalGas to monitor its distribution system holistically. These activities provide ongoing visibility into pipeline conditions, operability, and surrounding environmental and operational conditions. Through routine monitoring, SoCalGas is able to detect anomalies and emerging risks in advance and take corrective action before conditions escalate. This proactive approach reduces the likelihood of unplanned outages, enhances system resilience, and minimizes the need for emergency repairs that can be more disruptive and costly.

Pipeline Monitoring was appropriately prioritized within the RAMP framework because it delivers sustained risk reduction benefits and complements other integrity-focused mitigations. In addition to supporting compliance with applicable federal and state regulatory requirements, this mitigation reduces the likelihood of unplanned outages and minimizes the need for emergency response. As a result, Pipeline Monitoring represents a prudent and cost-effective investment that enhances public safety, protects system reliability, and helps support consistent service for SoCalGas customers.

b. Forecast Method

The forecast for Main Maintenance base expenses was developed using a five-year historical average. This methodology is appropriate for Main Maintenance because the majority of the activities have year-to-year variability, particularly for miscellaneous (corrective) main maintenance and alteration related work that is influenced by external factors such as municipal project activity and the economy.

In developing the TY 2028 forecast, actual expenditures and associated work activity from 2021 through 2025 were reviewed to establish a representative historical baseline. Using a

multi-year average smooths the effects of short-term fluctuations while capturing the ongoing level of resources needed to support required maintenance activities across the distribution system.

Labor costs within the Main Maintenance workgroup are primarily driven by recurring preventative maintenance activities, including pipeline patrols, bridge and span inspections, unstable earth surveys, and valve maintenance. These activities are required by applicable safety regulations and are performed consistently throughout the service territory. Non-labor costs support the execution of this work and generally include contracted services, materials, permits, and other field support costs. These expenses are most often associated with corrective maintenance activities and can fluctuate based on the timing and scope of externally driven work, including municipal projects.

Because both corrective maintenance and alteration related activities can vary significantly from year to year and are not fully within the Company's control, SoCalGas determined that a five-year averaging approach provides the most reasonable estimate of expected base expenses for these workgroup components.

In addition, beginning in 2028, a change in capitalization policy is expected to affect certain main alteration activities, as discussed in Capital Section IV.E. (Main Replacement). As a result, costs that were historically recorded as O&M expenses will instead be treated as capital expenditures in the test year, reducing the level of forecast O&M expenses associated with those activities.

c. Cost Drivers

The primary cost drivers underlying the Main Maintenance forecast are the need to comply with federal and state pipeline safety regulations and to maintain the safety, integrity, and reliability of SoCalGas's distribution system. Main Maintenance activities are fundamentally driven by regulatory compliance and risk mitigation requirements and are necessary to support safe operations across a large and geographically diverse service territory.

The largest cost component of the Main Maintenance workgroup is corrective maintenance, which presents a higher degree of variability. Corrective work is driven by the need to address conditions identified during inspections or resulting from third-party damage, surface condition changes, or other external impacts. The timing and extent of these activities are not fully predictable, as they depend on field conditions and actions taken by parties outside

of SoCalGas's control. As a result, corrective maintenance costs may fluctuate year-to-year based on field conditions and external activity levels.

A consistent driver of Main Maintenance costs is the level of preventive work required in a given year. These activities, such as pipeline patrols, bridge and span inspections, unstable earth surveys, valve maintenance, and gas odorization testing are mandated by applicable safety regulations and industry standards. The scope and frequency of this work are influenced by system characteristics, risk conditions, and regulatory requirements. These activities are generally performed on established inspection or maintenance intervals, resulting in a largely planned and scheduled workload.

Alteration-related maintenance requirements represent a source of cost variability within this cost category. For instance, under franchise agreements with municipalities, SoCalGas is required to alter or relocate facilities located in public rights of way when municipal infrastructure projects conflict with existing pipelines. The level of franchise driven work varies based on municipal project activity, priorities, and economic conditions, contributing to year-to-year fluctuations in Main Maintenance costs.

5. Service Maintenance (2GD000.004)

TABLE JW-12
Non-Shared O&M – Service Maintenance

GAS DISTRIBUTION (In 2025 $)			
A. Field Operations and Maintenance	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
5. Service Maintenance	7,804	9,365	1,561

a. Description of Costs and Underlying Activities

The Service Maintenance cost group supports compliance with applicable federal pipeline safety regulations under 49 CFR §192 and state requirements under GO 112-F, while also extending the useful life of the gas distribution service pipeline system. Service Maintenance activities consist of maintenance performed on gas services, service risers, and MSAs. These activities are largely corrective in nature and are necessary to maintain the safe and reliable operation of the natural gas system. Table JW-12 above summarizes Gas Distribution O&M costs associated with Service Maintenance activities.

Service Maintenance costs support the following primary activities:

- MSA alterations and maintenance, including leak repairs;

- Service riser maintenance;
- Meter guard replacements;
- Curb meter box (CMB) repair and replacement; and
- Miscellaneous service maintenance activities.

MSA Alterations and Maintenance: MSA alterations involve changes to meter location or meter size and are performed to accommodate construction projects, changes in customer gas usage, or other modifications to customer property. This work includes costs associated with modifying MSAs, rebuilding damaged MSAs, and changing, raising, or lowering service valves.

MSA maintenance activities focus primarily on corrective measures, particularly the remediation of surface corrosion. These maintenance needs are frequently identified during leak survey activities, when a Leak Survey Technician generates follow-up work orders for further investigation or repair. Costs related to leak repairs that are specific to MSAs are included within this activity.

Service Riser Maintenance: A service riser is the vertical pipe that extends from the soil and connects to the shut-off valve. Service risers include steel risers and anodeless (AL) risers, a gas service riser used for transitioning from underground polyethylene piping system to an aboveground steel piping system. Service riser maintenance includes, but is not limited to, repairing damaged coating on steel risers, applying wax or epoxy wraps to AL risers, and installing mini riser vaults (MRVs), which are high-density casing designed to serve as a barrier against soil and debris intrusion, which could create corrosion, and ultimately leakage. This work helps support continued compliance with safety requirements and reduces the likelihood of leaks or service disruptions.

Meter Guard Replacements: Meter guards, also referred to as bollards, are installed at existing customer locations to protect MSAs from vehicular traffic in accordance with federal and state safety codes. Over time, meter guards can become damaged, displaced, or deteriorated due to normal wear and external impacts, necessitating repair or replacement to maintain adequate protection.

CMB Repair and Replacement: SoCalGas is seeking incremental funding to repair and replace damaged curb meter boxes and components. Curb meter boxes (CMB) are in-ground enclosures, typically constructed of concrete or fiberglass, used to house meters that cannot be installed aboveground. Over time, CMBs may be damaged due to a variety of factors, including

but not limited to normal wear, ground movement, tree roots, outside forces, vandalism, and the deterioration of surrounding pavement, requiring repair or replacement.

CMB repair and replacement work is handled by Distribution personnel, who have concurrent duties to perform other work described within the Field Operations and Maintenance section of this testimony, such as responding to leak orders, emergencies, leak survey, locate and mark, etc. There are approximately 200,000 CMBs in the SoCalGas system. SoCalGas has seen an increase in the number of CMB repair and replacement orders generated by its field personnel. SoCalGas does not presently have sufficient personnel or resources to keep up with the increase in CMB repair and maintenance issues as they arise alongside other duties, particularly when responding to leak reports and other emergencies that must be prioritized. Damaged CMBs can present a trip and fall hazard to members of the public and can also result in personal injury claims and lawsuits.

The requested incremental funding would support inventory and resources to complete a higher volume of CMB repair and replacement work, both outstanding and anticipated to arise in the future. The request is primarily focused on public safety and risk mitigation, as well as affordability. The average cost to repair/replace a CMB is $583, and the average cost to replace a CMB lid is $359. SoCalGas plans to increase the number of CMBs repaired or replaced by 950 and the number of CMB lid replacements by 268, at an approximate cost of $650,000 per year. This preventative work can help mitigate the potential for higher repair or other costs in the future.

Miscellaneous Service Maintenance: The miscellaneous service maintenance account captures a variety of activities that do not fall within the categories above, including but not limited to:

- Repair of facilities damaged by external forces or natural events, such as fires or mudslides;
- Removal of abandoned service piping;
- Repair or replacement of curb valves; and
- Repair and replacement of curb meter boxes.

b. Forecast Method

SoCalGas developed the Service Maintenance forecast using a five-year historical average. This forecasting approach is appropriate because it reflects the wide range of factors

that drive Service Maintenance work and related expenditures, including aging infrastructure, evolving regulatory requirements, public safety considerations, customer-initiated requests, municipal requirements, material failures, and overall infrastructure conditions. These drivers can vary year to year and result in volatility in annual spending levels.

Given the ongoing and sustained upward pressure from these factors, SoCalGas used a five-year average of actual expenditures covering 2021 through 2025 to establish the base funding level for TY 2028. This approach smooths year-over-year variability and provides a reasonable representation of the level of funding necessary to support Service Maintenance activities while maintaining safe and reliable system operations. This workgroup is also impacted by credits received from customers due to service damage and orders related to customer requested collectible work. These credits are included in the historic years and are therefore considered as part of the five-year average forecast methodology.

c. Cost Drivers

Service Maintenance costs are driven by the need to maintain a safe, compliant, and reliable gas distribution system amid aging service infrastructure and increasing external complexity. A primary driver is condition-based maintenance of gas services, MSAs, service risers, meter guards, and curb meter boxes, as these experience corrosion, wear, and deterioration over time and require corrective actions identified through leak surveys and field inspections. Federal and state pipeline safety requirements, together with SoCalGas's focus on risk reduction and public safety, also necessitate the timely correction of unsafe or non-compliant conditions, including MSA alterations, service valve adjustments, and the repair or replacement of meter guards, curb valves, and curb meter boxes. In addition, service facilities are periodically damaged by external or environmental factors, including vehicular impacts, fires, mudslides, and ground movement, which contributes to variability in annual repair workload.

Additionally, SoCalGas is requesting an incremental amount of $650,000 in the test year to complete increased curb meter box repair and replacement. As mentioned in the Description of Costs and Underlying Activities section, the requested incremental funding would support inventory and resources to complete a higher volume of CMB repair and replacement work, both outstanding and anticipated to arise in the future. The request is primarily focused on public safety and risk mitigation, as well as affordability.

6. Tools, Fittings, and Materials (2GD000.005)

TABLE JW-13
Non-Shared O&M – Tools, Fittings, and Materials

GAS DISTRIBUTION (In 2025 $)			
A. Field Operations and Maintenance	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
6. Tools Fittings and Materials	23,718	27,367	3,649

a. Description of Costs and Underlying Activities

The Tools, Fittings, and Materials cost category supports core operation functions and enables safe, reliable, and compliant field activities across the gas distribution system. These items are required for field crews to perform routine construction, preventive maintenance, emergency response, regulatory compliance, and system reliability work. Without access to these tools and materials, field operations would be unable to proceed, resulting in delayed work, compromised system integrity, increased safety risks, and reduced service reliability for customers.

This cost category includes the tools, fittings, pipe, valves, hardware, safety equipment, and related materials required to install, operate, maintain, and repair the natural gas distribution system. These non-discretionary materials are fundamental inputs that directly enable field work. Their availability supports:

- Safe and compliant operation of the gas system
- Timely response to emergency events and leak repairs
- Execution of maintenance, replacement, and capital infrastructure programs
- System reliability, pressure control, and operational flexibility
- Protection against corrosion and long-term system degradation

The Tools, Fittings, and Materials category encompasses a broad range of critical infrastructure components and field support items, including but not limited to the following:

- Anodes used for CP of buried steel pipeline infrastructure, which are critical to preventing corrosion and extending asset life;
- Gas metal and plastic fittings (*e.g.*, elbows, tees, couplings, and caps);
- Pressure control fittings and valves necessary to regulate gas flow, maintain required system pressures, and safely isolate segments during maintenance or emergency conditions;

- Gas meter parts and replacement components for residential and commercial meters;
- Gas meter risers used for meter installations and system connectivity;
- Bolts, locks, and other metal hardware used in field assemblies, installations, and equipment securement;
- Paving materials such as cold patch asphalt and premixed concrete;
- Hand, and power tools used to perform construction, maintenance, and repair activities;
- Safety supplies and consumables required to support safe work practices and compliance with occupational and regulatory requirements; and
- Uniform rental, purchase, and laundering services that support standardized safety and identification requirements for field personnel

Because many of these items are consumed, depleted, or worn through normal field use, ongoing replenishment is necessary to maintain operational readiness and allow crews to safely perform required work. Collectively, these materials enable the Company to meet its safety, reliability, and regulatory obligations. Without these items, field work would stop, directly impacting the Company's ability to safely operate and maintain its gas system.

b. Forecast Method

For this cost category, SoCalGas has used a five-year historical average of recorded costs. This methodology relies on actual operating experience over a multi-year period and is appropriate for a cost category that is subject to variability from economic factors, pricing, tariffs, emergency response activity, procurement cycles, and other operational factors. Use of a five-year average smooths short-term fluctuations that may occur in individual years and produces a more stable and representative estimate of ongoing cost requirements. By incorporating multiple years of data, this approach captures both normal variation in annual spending and sustained cost levels reflected in recent operating experience.

A base year forecast would not be appropriate for this expense category, as any individual year may be influenced by temporary deferrals, accelerated purchasing, inventory management practices, or atypical operational conditions that do not reflect normalized spending levels. In addition, this account encompasses a wide variety of tools and materials with significantly variable unit costs, making annual spend highly sensitive to changes in purchasing

mix and timing. Reliance on one year alone could therefore overstate or understate expected costs.

The five-year historical average appropriately balances these considerations by reflecting:

- Actual cost experience over a sufficiently long period
- Normal variations in annual spending patterns
- Underlying cost levels required to support ongoing operations

The Company's uniform is a necessary and prudent element of supporting employee safety, regulatory compliance, operational readiness, and clear identification of authorized personnel. Following a documented decline in service quality by the incumbent laundry vendor, the Company conducted a competitive Request for Proposal in 2024 and selected a new provider with demonstrably stronger service performance, safety compliant garment offerings, and enhanced technological capabilities. The program encompasses the provision and maintenance of standardized uniforms for approximately 1,200 employees in Gas Distribution, consolidation of ancillary laundering services, and full transition management from the prior vendor. The forecasted cost increase reflects the implementation of flame-resistant (FR) garments, upgraded ANSI compliant safety vests, improved vendor technology and service infrastructure, decommissioning and transition activities, public education efforts,[23] standardized headgear, and site readiness requirements. In line with Cal OSHA Title 8, Section 3203 (Injury and Illness Prevention Program), Cal OSHA Title 8 Section 2940.11 (Protection from Flame and Electric Arcs), hazard assessments, and industry benchmarking, the Company concluded that adopting FR garments for all employees performing field or field-adjacent work is an effective and consistent method for complying with these performance-based safety requirements.

Accordingly, the five-year average methodology combined with forecast adjustments related to the uniform updates provides a reasonable and supportable forecast that mitigates year-to-year volatility while aligning with the Company's expected operational needs.

c. Cost Drivers

Tools, Fittings, and Materials costs are driven by a combination of external market conditions and internal operational requirements. This cost category supports essential

[23] Public education efforts increase safety by providing awareness to the public and customers of what a SoCalGas employee looks like and why they would be on a customers' premises. This includes what to look out for, such as uniforms, badges, vehicle branding.

construction, maintenance, emergency response, and compliance activities, and therefore reflects both the pricing environment for industrial materials and the ongoing needs of field operations.

A primary driver is the nature and composition of the materials required, including pipe, fittings, valves, tools, and related hardware. These items are manufactured from industrial inputs such as metals and plastics and are subject to pricing dynamics associated with raw materials, manufacturing processes, and global supply conditions.

Supplier contract structures also influence cost levels. Many materials are procured through multiyear agreements that establish pricing over defined periods, which can result in step changes in cost when contracts are renewed and revised. These agreements are intentionally structured to provide price stability and predictability, supported by strategic negotiations with vendors to minimize escalation. Additionally, supplier performance and market competitiveness are continually reviewed, with the approved vendor list periodically evaluated and alternative sources to support competitive pricing. As a result, costs may reflect negotiated pricing levels that persist over time rather than short-term movements in underlying commodity markets.

An increase in the forecast period has been included related to the previously described changes in uniform vendor and products.

Additional external cost drivers include:

- Variability in raw material prices used in manufacturing industrial components
- Manufacturing, transportation, and labor cost inflation
- Supply chain availability and market capacity conditions
- Trade, tariff, or regulatory factors affecting material procurement

Operationally, Tools, Fittings, and Materials expenses are driven by the need to reliably support system construction, routine maintenance, integrity management, and emergency response activities. These requirements are largely non-discretionary and must be met regardless of market conditions, contributing to stable baseline demand for materials and tools across years.

Taken together, these factors result in costs that are sensitive to external pricing pressures, while remaining closely tied to the Company's ongoing obligation to safely, reliably, and affordably operate its system.

7. Leak Repair & Restoration (2GD000.006)

TABLE JW
Non-Shared O&M – Leakage Repair & Restoration

GAS DISTRIBUTION (In 2025 $)			
A. Field Operations and Maintenance	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
7. Leak Repair & Restoration	35,099	58,701	23,602

a. Description of Costs and Underlying Activities

The Leak Repair and Restoration cost category supports O&M activities associated with identifying, prioritizing, and repairing leaks on the gas distribution system, as well as restoring public and private property following repair work. These activities are fundamental to the safe and reliable operation of the natural gas system and are required to comply with applicable federal and state pipeline safety regulations, including 49 CFR § 192 and GO 112-F. Collectively, these efforts also extend the service life of distribution mains and service pipelines.

Leak Repair and Restoration activities include, but are not limited to:

- Main leak repairs;
- Service leak repairs;
- Riser leak repairs;
- Leak investigations and re-evaluations;
- Service alterations performed in connection with leak repair or unsafe conditions; and
- Pavement, concrete, and surface restoration following excavation.

Leaks on mains and services are identified through systemwide leak surveys, field observations made during other work activities, ALD,[24] and customer notifications. Once a reported or identified leak is investigated, it is evaluated and classified based on location, gas concentration, proximity to structures, and potential hazards to the public and property. Hazardous leaks (*i.e.,* "Code 1" leaks) require immediate action and prompt repair, while non-hazardous leaks are prioritized based on their likelihood of becoming hazardous, including the probability that the leak is emitting gas at an accelerated rate. Consistent with regulatory

[24] The associated costs related to ALD are described in the GESI testimony (Ex. SCG-03).

requirements, non-hazardous leaks are repaired within prescribed timeframes or re-evaluated until repaired.

Repairing main and service leaks frequently require excavation on public and/or private property to access the pipeline. This work often includes traffic control, pavement or concrete removal, backfilling, and complete surface restoration, including permanent paving and landscaping.

Riser leak repairs address leaks on vertical piping extending from below grade to the service shut off valve. These leaks are identified and classified using the same factors applied to main and service leaks, with repair priority determined by severity and proximity to occupied structures and public areas.

Service alterations are performed when a service line is damaged, leaking, or otherwise found to be in an unsafe condition. These activities may be necessary to address issues caused by earth movement, third-party interactions, or conflicts with other underground facilities.

In addition, activities performed under SoCalGas's Natural Gas Leak Abatement Program (NGLAP) are included in this cost category. Under NGLAP, SoCalGas has implemented a targeted, risk-based approach to leak repairs that has reduced average repair times from approximately 21 months to eight months between 2020 and 2025. These improvements have materially lowered SoCalGas's overall leak inventory and advanced California's methane reduction objectives established pursuant to SB 1371[25] and CARB's emissions reduction framework. By reducing the duration of active leaks, NGLAP also decreases the need for repeat customer response requests, ongoing leak monitoring, reinspection, and field verification activities, thereby lowering long-term operational cost. Preventing leaks from persisting reduces the likelihood that they will escalate into more complex or costly repairs, limits repeat field deployments and enhances safety outcomes for customers and communities. While CPUC Res. G-3605 provides sufficient funding to only maintain compliance with applicable mandates and a 20% emissions reduction level, SoCalGas continues to implement efficiencies in how leaks are identified, prioritized, and resolved. Continued implementation of NGLAP allows the Company to sustain a lower, more manageable leak inventory, avoids the higher costs associated with deferred repairs, maintains compliance with CPUC directives and funding parameters, and

[25] SB 1371 (Leno, 2014), *available at:* https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140SB1371.

provides safe, reliable, and affordable service consistent with California's long-term climate and energy objectives.

i. Description of RAMP Mitigations

Within this cost category, there are non-shared O&M costs for risk mitigation C179 (Distribution Main & Service Leak Repair) that were presented in the 2025 RAMP Report. This mitigation was presented in both the Medium Pressure Gas System risk chapter and the High Pressure Gas System risk chapter.[26] The cost allocations for each chapter are presented in the table below.

Following the identification of leaks through the comprehensive leak survey process, C179 provides for detected leaks to be promptly assessed and repaired in a timely manner within the regulatory requirements, thereby maintaining the safety and integrity of the gas pipeline system and protecting public safety. This activity establishes guidelines and requirements for assessing the degree of hazard and coding of leaks or leak indications found on the Company's underground piping system, and actions required to provide for public safety and leak repair as required by SoCalGas's Gas Standards, which comply with 49 CFR §192 Subpart M. Leak indications on Company facilities are classified by trained and qualified employees according to location, spread, concentration of gas, possibility for accumulation of gas, possible sources of ignition, potential migration, and imminence of hazard to people or property. Classifications of leaks or leak indications are based on the relative degree of hazard. Hazardous indications of leaks are reported, and action is taken according to the applicable Gas Standard until the hazard has been eliminated, the leak has been either temporarily or permanently repaired, or until it is determined that the leak is from a source other than the Company piping system. Each segment of pipeline that is assessed as unsafe must be repaired, altered, or removed from service. Appropriate temporary repairs such as plugging or clamping shall be made if permanent repairs are not possible at the time of discovery.

Activities that are compliance driven or mandated by the CPUC or other regulatory agencies are identified and further detailed in Appendix B to this testimony.

[26] 2025 RAMP Report, Chapter SCG-Risk-2 High Pressure Gas System; Chapter SCG-Risk-3 Medium Pressure Gas System.

TABLE JW-15
RAMP and GRC Risk Control/Mitigation Activities – O&M

Leak Repair and Restoration				
ID	**Control/Mitigation Name**	**2025 RAMP 2028 Estimate In 2024 $ (000s)**	**2028 GRC 2028 Forecast In 2025 $ (000s)**	**Change (000s)**
C179	**Distribution Main & Service Leak Repair (HP)**	629	1,661	1,032
C179	**Distribution Main & Service Leak Repair (MP)**	60,528	53,706	(6,822)
	TOTAL	**61,157**	**55,367**	**(5,790)**

ii. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

C179 activities comply with 49 CFR §192, Subpart M and GO 112-F. When a leak is identified either through C178 (Distribution Leak Survey) or through other means, SoCalGas either remediates or monitors based on its classification. Leaks posing a hazardous condition are remediated immediately, while non-hazardous leaks are monitored. Non-hazardous leaks are evaluated to perform repairs with cost effectiveness, customer impact, and safety in mind.

In prioritizing these activities, SoCalGas seeks to reduce the likelihood of future risk events, and avoid significantly higher operational, customer, and recovery impacts associated with responding to realized incidents.

b. Forecast Method

The forecast for Leak Repair and Restoration O&M expenses was developed using BY 2025, with adjustments in the forecast years to reflect ongoing investment in leak repair activities, including the transition of NGLAP into base business operations. In addition to the labor and non-labor costs, the Leak Repair and Restoration workgroup contains credit collected

from third parties to compensate for damage caused to the gas pipeline system during excavation activities.

BY 2025 reflects reduced leak repair activity resulting from uncertainty created by a proposed Commission decision on SoCalGas's 2025-2026 NGLAP Compliance Plan that did not include funding for all NGLAP leak repair activity proposed in the plan. In response, SoCalGas temporarily shifted resources toward leaks with imminent compliance deadlines, resulting in fewer total repairs completed in that year. Although the final Commission decision ultimately authorized funding,[27] the temporary reduction in activity materially affected base year volumes.

The adjustments in the forecast years reflect a planned return to and sustainment of repair levels necessary to stabilize and reduce leak inventory over time. The forecast represents a path toward a steady state condition in which leak identification and repair rates are aligned such that inventory growth is minimized. *See* supplemental workpaper, Ex. SCG-04-WP-S-002 for additional details.

For the damage credits component of this workgroup, SoCalGas used a five-year (2021-2025) average to forecast future expenses. This option is best suited for these activities, given the unpredictability of damages in terms of frequency and severity and the timing of collecting funds from third parties. Further, the collection of the damage credit can occur in a different year to the damage itself. Given this uncertainty and variability, a five-year average for damage credits is the best forecast option. Additional details may be found in supplemental workpaper Ex. SCG-04-WP-S-001.

In addition, beginning in 2028, a change in capitalization policy proposed under Capital Section IV.E. (Main Replacement) is expected to affect certain leak repair activities. As a result, costs that were historically recorded under this workpaper will instead be treated as capital expenditure in the test year, reducing the level of forecast O&M expenses associated with those activities.

c. Cost Drivers

The primary cost drivers for Leak Repair & Restoration activities are the need to maintain the integrity and safety of the gas distribution system and to meet regulatory

[27] D.24-12-074.

compliance requirements. Spending levels in any given year are influenced by multiple interrelated factors, including:

- **Number of Leaks Evaluated and Repaired:** Leaks are identified through routine leak surveys, other field activities, and customer reports. Discovery rates may increase due to aging infrastructure, changes in operational practices, or improvements in detection technology.
- **Third-Party Damage to Pipeline Facilities:** Costs vary based on the number and severity of damage caused by third parties. Repairs involving higher pressure facilities or complex conditions require more labor, specialized resources, and longer repair durations. While the Company seeks reimbursement when third-party responsibility can be established, recovery is uncertain and variable, and sometimes damage is identified without a clear responsible party.

Cost drivers also include an incremental adjustment to address leak inventory reduction. Prior Commission approved investments enabled SoCalGas to significantly reduce repair times, lower overall leak inventory, and achieve substantial methane emissions reductions. Reduced funding would allow inventory to grow, eroding these gains and undermining prior ratepayer funded investments. This could result in additional costs from repeat odor calls from the public, unnecessary truck rolls, and create potentially more complex and costly repairs.

Increased activity levels in TY 2028 are also needed to prioritize the repair of Potentially Large Leaks, which contribute disproportionately to methane emissions and present higher safety risk. Prioritizing repair of these leaks prevents escalation to hazardous conditions, improves emissions outcomes, and reduces repeat field visits, overtime, and ongoing monitoring costs. In addition, timely, permanent repairs improve workforce efficiency and generate long-term cost savings while maintaining alignment with SB 1371, CPUC policy objectives, and California's climate and safety goals.

8. Measurement & Regulation (2GD000.007)

TABLE JW-16
Non-Shared O&M – Measurement & Regulation

GAS DISTRIBUTION (In 2025 $)			
A. Field Operations and Maintenance	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
8. Measurement & Regulation	13,420	13,623	203

a. Description of Costs and Underlying Activities

The Measurement and Regulation (M&R) cost group supports labor and non-labor expenses for O&M of regulator stations, as well as small, medium- and large-scale MSAs. Table JW-16 above summarizes Gas Distribution O&M costs associated with M&R activities.

M&R activities primarily focus on maintaining and operating approximately 1,960 regulator stations and approximately 107,000 MSAs operating in the SoCalGas service territory. Regulator stations reduce the pressure of gas entering the distribution system from high-pressure pipelines, providing lower pressures to the distribution pipeline network. MSAs, regulators, and other components require routine maintenance to meet customers' capacity requirements and support accurate gas volume measurement, as required by GO 58-A.

Regulator stations are critical control elements in the gas distribution system. Federal pipeline safety regulation 49 CFR § 192.739(a) requires annual inspection and maintenance of all regulator stations to maintain these devices in good mechanical condition. Pressure checks are done to verify that the station's pressure protection devices perform as designed. If a station does not perform properly, internal maintenance and inspections are conducted to support its proper operation. This involves disassembling the regulator devices and inspecting their internal components for worn or damaged parts. The regulator is cleaned and inspected for corrosion, and any faulty parts are replaced. As regulator stations age, their parts and equipment begin to wear out, malfunction, and become increasingly difficult to disassemble, thereby increasing maintenance requirements. Failure of a regulator station could lead to under- or over-pressurization of the gas distribution system, reducing service to customers and/or jeopardizing public safety, and could also result in significant costs, including mandated leak surveys, potential leak repairs, and repairs to the regulator station. Therefore, proactive maintenance of these facilities is a priority.

In addition to regulator stations, MSAs represent another key interface between the distribution system and customers, where accurate pressure regulation and measurement are essential for safe and reliable service. The MSAs and related components within this workgroup typically deliver gas at higher delivery pressures or use specialty metering technology (*i.e.,* turbine, rotary or ultrasonic metering) for higher flow applications, primarily located at larger residential customers or commercial and industrial sites. GO 58-A requires routine maintenance for medium- and large-sized MSAs and that meters, regulators, and other components be

maintained, repaired, and tested periodically to meet customers' capacity requirements and to accurately measure gas volume. To maintain measurement accuracy, meters are subject to planned meter changeouts (PMC) or are periodically tested, as prescribed in Section 13 of GO 58-A. If an electronic pressure corrector is used for gas measurement, it is also subject to periodic inspection. An electronic pressure corrector inspection includes checks on calibration, configuration, battery condition, communication, and wiring. If the MSA is housed in a vault, the vault is also inspected and, if necessary, repaired to protect the MSA.

Further, valves maintained within this workgroup have several important purposes, including: block valves at regulator stations to isolate the high and medium-pressure systems; critical main line valves to isolate segments of pipelines in case of pipe damage or for operational purposes; and isolation valves to segment portions of the system in the event of a widespread emergency, such as an earthquake.

Expenses for the inspection and calibration of Electronic Pressure Monitors (EPM) used to measure, record, and transmit pressures real-time in the distribution system are also included. EPM systems consist of field-installed pressure sensors that continuously monitor gas pressure on the distribution system to identify over-pressure, under-pressure, and abnormal operating conditions. The primary purposes of the EPM network are system safety, reliability, and compliance. The distribution system currently includes approximately 2,335 active pressure sensors monitoring both high-pressure supply lines operating above 60 psig and medium-pressure distribution lines operating at or below 60 psig. These sensors are strategically located at high-pressure and medium-pressure mains, large customer locations, historically low-pressure areas, and upstream and downstream distribution regulator stations. These placements provide continuous visibility of system pressures and support compliance with 49 CFR § 192 requirements for pressure control, telemetering, and continuing surveillance. They also support compliance with §192.741, which requires pressure monitoring on distribution systems, and § 192.613, which requires operators to monitor pipeline systems to identify conditions that could adversely affect safe operation. EPM sensors transmit pressure data from the field using cellular and advanced meter infrastructure (AMI) radio-based telemetry systems. Data is sent from individual sensors to communication towers and then to central monitoring platforms, where operators receive near real-time pressure readings and automated alarm notifications when

pressures exceed established limits. The costs in this workgroup support the safety and reliability of SoCalGas's system, as well as compliance with governmental regulations.

This workpaper has identified items associated with AMI and reflect costs necessary to maintain the current AMI system.[28] SoCalGas has filed a separate application, A.25-12-019, requesting authorization for AMI replacement. If the Commission approves A.25-12-019, SoCalGas will reduce its request in this proceeding to remove the AMI-related costs for post-test years where the costs would be recovered through the separate application. Conversely, if A.25-12-019 is not approved, the amounts requested in this proceeding would not be sufficient to cover the reactive replacement costs that would become necessary, and an alternative mechanism would be required to track and recover such costs. Identified items associated with AMI are shown in my supplemental workpaper Ex. SCG-04-WP-S-003.

i. Description of RAMP Mitigations

Within this cost category, there are non-shared O&M costs for risk control C116 (M&R Station and EPM Inspection and Maintenance) and C130 (MSA Inspection and Maintenance) that were presented in the 2025 RAMP Report and are listed in the table below.[29]

M&R Station and EPM Inspection and Maintenance: Regulator stations reduce the pressure of gas entering the medium-pressure system from higher-pressure pipelines to lower pressure within the MAOP limits of the distribution pipeline system. A failure of a regulator station due to mechanical failure, corrosion, contamination, or other causes could result in over-pressurization of the system, which may compromise the integrity of medium-pressure pipelines and/or jeopardize public safety resulting from potential over-pressure events. Federal regulations[30] require inspections/tests of regulator stations to be conducted annually, not to exceed 15 months to maintain these stations and EPMs in good mechanical condition. Functional tests of regulation and monitoring equipment are performed as part of the annual inspections. If a device does not perform properly, internal maintenance and inspections are conducted. This consists of disassembling, inspecting, and cleaning the internal components of

[28] These associated costs to maintain the current AMI system also apply to Integrated Strategy & Resource Management (2GD004.000) and Measurement & Regulation Devices – Meters (BC163).

[29] 2025 RAMP Report, Chapter SCG-Risk-2 High Pressure Gas System; Chapter SCG-Risk-3 Medium Pressure Gas System.

[30] 49 CFR § 192.739 (Pressure limiting and regulating stations: Inspection and testing).

the regulator. Worn, corroded, or damaged components are repaired/replaced, and the regulator is reassembled and verified to be in working order prior to being placed back into service.

As regulator stations age, their parts and equipment can begin to wear and become harder to disassemble, increasing maintenance requirements. Annual maintenance and inspections are used to record the condition of each station and EPM, and to identify items that require immediate and long-term action. The overall inspection of the station includes evaluation of the design, condition of the equipment, valves, vaults and EPMs, and exposure to other outside forces including flooding and traffic conditions.

MSA Inspection and Maintenance: Meter and regulator activities include inspecting, repairing, or replacing MSAs in the SoCalGas service territory. The MSAs reduce the pressure of natural gas and measure the volume of natural gas delivered to the customer. GO 58-A requires that meters, regulators, and other components be maintained, repaired, and tested periodically to meet customers' capacity requirements, measure gas volume accurately, and deliver natural gas at an adequate pressure for the houseline and home appliances. Additionally, if MSAs are housed in vaults, the vaults must be inspected and repaired as needed to protect the MSA. Should the regulators fail, a household could potentially see a much higher pressure of natural gas which could lead to a catastrophic incident. Scheduled inspections of MSAs proactively target the risk of equipment failures, corrosion, and outside force before operation and safety issues arise. In addition, as required by 49 CFR § 192.481, aboveground piping facilities, such as MSAs, must be inspected for ACOR and complete necessary remediation no less than once every three calendar years and at intervals not to exceed 39 months.

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-17
RAMP and GRC Risk Control/Mitigation Activities – O&M

Measurement & Regulation				
ID	**Control/Mitigation Name**	**2025 RAMP 2028 Estimate In 2024 $ (000s)**	**2028 GRC 2028 Forecast In 2025 $ (000s)**	**Change (000s)**
C116	**M&R Station and EPM Inspection and Maintenance (HP)**	789	897	108
C116	**M&R Station and EPM Inspection and Maintenance (MP)**	3,855	4,381	526
C130	**MSA Inspection and Maintenance**	1,618	2,111	493
	TOTAL	**6,262**	**7,389**	**1,127**

ii. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

As described in Section III.A.8.a.i. (Description of RAMP Mitigations), C116 and C130 are designed to comply with GO 58-A, 49 CFR § 192.739 and 49 CFR § 192.481. These inspection and maintenance activities proactively address risk factors before operation and safety issues arise. Inspections of regulator stations, EPMs, and M&R maintained meter sets are critical compliance priorities. Failure to properly inspect and maintain these assets could compromise system integrity and result in significant public safety risks.

b. Forecast Method

The forecast method for M&R is based on BY 2025. The expenses in this workgroup are primarily maintenance-related and are based on the prescribed maintenance plans of the current assets in the system under expected operations, as well as remediation for unforeseen emergency incidents, failures, and other non-planned work activities. For this reason, SoCalGas considers the most recent activity level to be representative of future spending in the work category.

Therefore, a base year forecast method was used to estimate base expenditures for this workgroup.

c. Cost Drivers

The cost drivers behind the M&R forecast are the need to safeguard the pipeline system's safety and integrity, as well as regulatory requirements, thereby mitigating risks associated with the medium-pressure pipeline system. Cost drivers associated with this workgroup include the inspections that must be completed at each of the facilities maintained by the M&R team (*e.g.*, regulation stations, valves, MSAs, pressure/volumetric correctors, and electronic pressure monitors); the follow-up maintenance identified by these inspection results; the recurring routine, scheduled maintenance work; unscheduled maintenance work (*e.g.*, unexpected malfunction of a device); emergency support (*e.g.*, system shut down to respond to damage, pressure incident, or major event as in the case of an earthquake); and support of general operations requirements (*e.g.*, test shut downs to determine system behavior under specific conditions). Some of these activities are driven by the age and type of equipment installed, with generally older or obsolete equipment requiring more maintenance. Other cost drivers for this workgroup include customer requests related to measurement issues at MSAs.

Adjustments have been made in the forecast period to account for additional time needed to perform existing tasks related to maintenance of regulator stations and EPMs that have been upgraded through Control Center Modernization (CCM). The additional costs reflect the additional labor time needed to coordinate with Gas Control to maintain proper communication connectivity and system configuration during planned and unplanned maintenance between the remote communication devices installed on upgraded regulator stations and EPMs and Gas Control.

Lastly, changes in connection with the compensation modernization initiative have been made for the forecast period within this workgroup. *See* the Compensation and Benefits testimony (Ex. SCG-16/SDGE-20).

9. Cathodic Protection (2GD000.008)

TABLE JW-18
Non-Shared O&M – Cathodic Protection

GAS DISTRIBUTION (In 2025 $)			
A. Field Operations and Maintenance	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
9. Cathodic Protection	14,533	14,592	59

a. Description of Costs and Underlying Activities

The Cathodic Protection (CP) workgroup includes O&M costs for monitoring, maintaining, and repairing CP systems that mitigate corrosion on buried steel pipelines. Without appropriate corrosion control, buried steel pipelines naturally oxidize and deteriorate, increasing the likelihood of hazardous leaks, increasing maintenance and repair costs, reducing pipeline service life, and increasing emissions. CP is a critical corrosion mitigation method that complements coating and electrical isolation. By applying electrical current to the pipeline, CP maintains the steel in a cathodic (negatively-charged) state relative to the surrounding soil, thereby reducing corrosion. Table JW-18 above summarizes Gas Distribution O&M costs associated with CP activities.

SoCalGas utilizes both impressed current and galvanic anode systems to protect its steel pipelines with both systems relying on a sacrificial anode as the core component. The main difference between a galvanic system and an impressed current system is that an impressed current system uses electrical devices called rectifiers to generate higher levels of direct current to the pipeline. Different conditions (*e.g.,* footage, type of soil, coating condition, etc.) dictate the use of each type of system to protect steel pipelines. SoCalGas employs magnesium and zinc anodes, rectifier stations, test stations, and electrical insulators to provide, maintain, and monitor protective current levels.

This workgroup includes the monitoring, evaluation, and maintenance activities necessary to sustain effective CP system performance. These activities meet the compliance requirements with 49 CFR § 192, Subpart I and GO 112-F.

CP inspection and evaluation activities include:

- Verifying proper rectifier operation;
- Monitoring and maintaining electrical bonds;

- Identifying aboveground and underground electrical shorts introduced to the CP system;
- Measuring pipe to soil electrical potentials; and
- Identifying locations requiring additional current.

Based on the results of inspections and evaluations, CP system components may be repaired, replaced, upgraded, or otherwise modified to maintain required levels of corrosion protection. Examples of CP maintenance activities include:

- Installing replacement anodes;
- Remediating aboveground and underground electrical shorts introduced to the CP system;
- Repairing or replacing damaged wiring;
- Adjusting test station elevations after repaving;
- Installing additional test points and bonds;
- Installing insulators on mains and services; and
- Mitigating interference from third-party CP systems.

i. Description of RAMP Mitigations

Within this cost category, there are non-shared O&M costs for risk controls C103 (Cathodic Protection Base Activities) and C106 (Cathodic Protection – CP10 Activities) that were presented in the 2025 RAMP Report and are listed in the table below.

Cathodic Protection Base Activities: Corrosion is a natural process that can deteriorate steel assets and potentially lead to leaks or failure of such assets. If the gas released from a leak was to migrate and accumulate in a confined space and a potential ignition source is present or introduced, there is also the potential for injuries and/or fatalities. Although SoCalGas operations groups endeavor to respond quickly to leaks when notified, such conditions have the potential to lead to an incident within a short amount of time.

To mitigate the risk of corrosion and associated leaks and failures, SoCalGas uses CP, coating, and monitoring to protect and extend the life of a steel asset. The application of a CP current is necessary to overcome local corrosion currents along the pipeline that, left unabated, would result in localized corrosion at anodic sites. CP can be achieved by the installation of

sacrificial anodes or impressed current systems.[31] Each CP rectifier must have its output monitored six times each calendar year, but with intervals not exceeding two and a half months, to assess that it is operating sufficiently, and must be physically inspected once each calendar year.[32]

The directives prescribed by 49 CFR § 192 Subpart I include the monitoring of CP areas, remediation of CP areas that are out of tolerance,[33] and preventative installations to avoid out of tolerance areas. In CP systems, "out of tolerance" refers to a condition where the electrical potential (voltage) of a protected pipeline falls outside the acceptable, pre-defined range necessary to prevent corrosion.

Cathodic Protection – CP10 Activities: SoCalGas tests each pipeline that is under CP as prescribed by 49 CFR § 192.465. Each pipeline that has CP must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the CP meets the requirements of 49 CFR § 192.463 or is out of tolerance. However, if tests at those intervals are impractical for separately-protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling basis. At least 10% of these protected structures, distributed over the entire system, must be surveyed each calendar year, with a different set of 10% checked each subsequent year, so that the entire system is tested in each ten-year period. SoCalGas plans to continue these activities according to this schedule.

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

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[31] SoCalGas utilizes both impressed current and galvanic anode (magnesium and zinc) systems to provide CP to existing pipelines. Impressed current systems utilize rectifiers for the generation of the direct current. Both systems utilize sacrificial anodes as a primary component in the system. Anodes are installed in wells drilled into the surrounding soil by third-party drilling contractors. Each protected pipe segment requires multiple anodes, collectively referred to as an "anode bed." The number of anodes needed to achieve the desired level of protection, and the average life of the anode bed can vary based on pipeline length, coating effectiveness, soil conditions and interference that may occur on the system.

[32] 49 CFR § 192.465(a) and (b).

[33] "Out of tolerance" areas are defined as areas where CP reads are outside of pre-determined read tolerances, and if left unaddressed, CP measures may not effectively mitigate the effect of the corrosive environment on steel assets.

TABLE JW-19
RAMP and GRC Risk Control/Mitigation Activities – O&M

Cathodic Protection				
ID	**Control/Mitigation Name**	**2025 RAMP 2028 Estimate In 2024 $ (000s)**	**2028 GRC 2028 Forecast In 2025 $ (000s)**	**Change (000s)**
C103	**Cathodic Protection Base Activities (HP)**	1,052	1,061	9
C103	**Cathodic Protection Base Activities (MP)**	12,102	12,209	107
C106	**Cathodic Protection – CP10 Activities**	1,665	1,321	(334)
	TOTAL	**14,819**	**14,591**	**(218)**

ii. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

As described in Section III.A.9.a.i. (Description of RAMP Mitigations), C103 and CP10 are designed to comply with 49 CFR § 192, Subpart I (Requirements for Corrosion Control) and GO 112-F. These CP activities proactively target risk factors before operation and safety issues arise. This includes monitoring CP areas, remediation of out-of-tolerance CP areas, and preventive installations to prevent out-of-tolerance CP areas. Overall, these CP programs support employee and public safety while preserving the integrity and reliability of the gas system.

In prioritizing this proactive approach, SoCalGas seeks to reduce the likelihood of future risk events, and avoid significantly higher operational, customer, and recovery impacts associated with responding to realized incidents.

b. Forecast Method

CP O&M costs have been forecasted using BY 2025. The forecast assumes continuation of current operating practices and workload levels associated with routine CP inspections,

system monitoring, troubleshooting, and corrective maintenance across all CP areas and isolated pipeline segments. Costs reflect ongoing requirements related to system aging, coating degradation, anode consumption, electrical interference, and repairs associated with third-party damage or conflicts with external construction activities.

The base year methodology provides a reasonable and supportable estimate of future CP O&M costs, as it is grounded in recent operating experience and reflects the recurring nature of activities required to maintain pipeline integrity and regulatory compliance.

c. Cost Drivers

The primary cost drivers for CP O&M are regulatory compliance, pipeline integrity, and the prevention of corrosion-related leaks. Costs are driven by required inspections, troubleshooting, and both planned and unplanned maintenance activities performed annually for each CP area and isolated pipeline segment.

Key drivers include:

- Loss of Electrical Insulation: Aging coating and electrical shorts introduced into the CP system, such as foreign metallic objects or grounding systems, which are installed in proximity to the cathodically protected asset.
- Aging CP System Components
- External Forces, vehicular damage, weather, damages from nearby construction, which may require repair and upgrades
- External project conflicts, CP system repairs, or alterations caused by conflicts with external municipalities projects (*e.g.,* street reconstruction, sewer and water line replacements, etc.)
- Anode depletion rates, influenced by soil conditions, electrical interference, customer actions, and coating condition

Additionally, changes in connection with the compensation modernization initiative have been made for the forecast period within this workgroup. *See* the Compensation and Benefits testimony (Ex. SCG-16/SDGE-20).

B. DIMP Execution (2GD001.000)

TABLE JW-20
Non-Shared O&M – DIMP Execution

GAS DISTRIBUTION (In 2025 $)			
B. DIMP Execution	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
1. DIMP Execution	30,648	30,696	48

1. Description of Costs and Underlying Activities

As described in the GESI testimony (Ex. SCG-03), SoCalGas's DIMP was designed to comply with the requirements of Title 49 of the CFR § 192, Subpart P – Gas Distribution Pipeline Integrity Management. Accordingly, the DIMP framework includes key elements such as system knowledge, threat identification, threat evaluation and prioritization, and the implementation of programs and activities that enhance distribution integrity and safety. SoCalGas currently organizes its DIMP activities and costs into three distinct categories: (1) System Knowledge, Data Management, and GIS, (2) Threat & Risk, Program Management Support, Compliance, Auditing, and Reporting, and (3) Projects and Activities to Address Risk (PAAR). The PAARs enable SoCalGas to proactively identify and mitigate potential integrity and safety concerns within the distribution pipeline system, and maintain, replace, and upgrade various components that make up the distribution system.

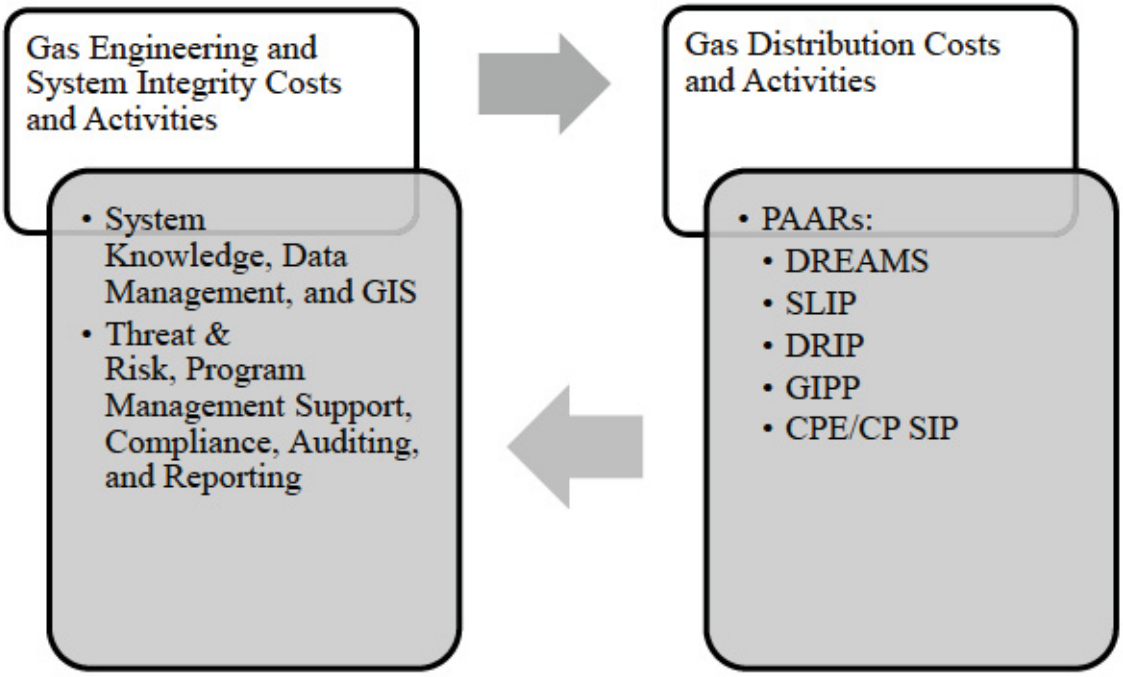
The forecasted DIMP labor and non-labor costs within this testimony and associated workpapers support SoCalGas's execution of the PAARs that are necessary for compliance, system safety, and system reliability. These PAARs are comprised of:

- Distribution Risk Evaluation and Monitoring System (DREAMS)
- Distribution Riser Inspection Project (DRIP)
- Gas Infrastructure Protection Project (GIPP)
- Sewer Lateral Inspection Project (SLIP)
- Cathodic Protection System Improvement Plan (CP SIP) and Cathodic Protection Effectiveness (CPE)

The forecasted DIMP labor and non-labor costs necessary for the other categories of the DIMP (*e.g.*, Data Management, System Knowledge, and GIS, as well as Program Management) are presented in the GESI testimony (Ex. SCG-03). The GESI department provides strategic oversight of these programs by defining the scope of activities, establishing program objectives,

and monitoring the execution of the PAARs. Operational responsibility for the day-to-day implementation of the PAARs resides with dedicated teams embedded within SoCalGas's Gas Distribution organization. This organizational alignment enables the teams to leverage operational planning capabilities and field expertise that are central to Gas Distribution's core functions. Figure JW-1 delineates the forecasted costs across each witness area.

Figure JW-1
Delineation of DIMP Activities



Executing DIMP PAARs through Gas Distribution teams drives operational synergies, improves coordination, streamlines workflows, and capitalizes on centralized expertise. These include, but are not limited to, permitting requirements, familiarity with the location and historical installation practices of existing pipeline infrastructure, experience with public engagement, and environmental concerns. All are factors that can vary widely across SoCalGas's service territory. The ability to share institutional knowledge across teams enhances the efficiency and effectiveness of project planning and execution.

As noted above, PHMSA's stated purpose for the DIMP is to enhance pipeline safety by having operators identify and reduce pipeline integrity risks specifically for distribution pipelines. The safety and reliability of SoCalGas's distribution system is paramount to the Company's ability to serve customer gas demand safely and reliably. PAAR development is a

foundational activity supporting this effort. While the scopes of the primary PAARs are described and estimated below, SoCalGas continually evaluates and develops or adapts PAARs to manage distribution system risk.

The DIMP Execution O&M costs support PAAR execution, as discussed in more detail below.

Cathodic Protection: Corrosion is a natural process that can deteriorate steel assets and potentially lead to leaks or failures. If gas released from a leak migrates and accumulates in a confined space where an ignition source is present or introduced, there is potential for injuries and/or fatalities. Although SoCalGas operations groups strive to respond promptly to leaks once notified, such conditions can escalate into an incident within a short timeframe and result in costly repairs. To mitigate the risk of corrosion and associated leaks or failures, SoCalGas employs CP, protective coatings, and continuous monitoring to safeguard and extend the life of steel assets. The application of a CP current is necessary to overcome local corrosion currents along the pipeline that, if left unaddressed, would result in localized corrosion at anodic sites. The directives prescribed by 49 CFR § 192 Subpart I and followed by SoCalGas include monitoring CP areas, remediation of CP areas that are out of tolerance, and preventive measures to reduce the likelihood of future out-of-tolerance conditions.

- ***CP Effectiveness (CPE):*** The CPE project was initiated in mid-2020 to systematically identify and address cyclically out-of-tolerance CP areas. While Cathodic Protection program routine compliance activities described in Sections III.A.9 and IV.D focus on monitoring readings and taking corrective actions to return out-of-tolerance conditions back within required limits, CPE takes a proactive approach by selecting areas not currently being addressed by routine cathodic protection activities based on performance history and broader system indicators. It evaluates those areas holistically and often redesigns CP systems to implement long-term improvements that strengthen and maintain overall cathodic protection performance. CPE consists of both capital and O&M activities and costs, which are primarily driven by the number of CP areas addressed. Remediation efforts include rectifier installations and upgrades, bond installations, service line replacements, short-segment main replacements, and anode installations. O&M activities and costs include an allocation of DIMP

management, such as data management, program/project evaluation and development, and reporting, which cannot be unitized. This project is designed to enhance system health analytics and support the development of a sustainable, long-term capital strategy to manage Distribution CP areas that are cyclically out of tolerance. By analyzing performance metrics and operational data, CPE can inform future asset planning and reduce reactive maintenance, ultimately improving system reliability and cost efficiency over time. The capital component is presented in Section IV.L. of this testimony.

- ***Cathodic Protection System Improvement Plan (CP SIP):*** The CP SIP was developed to address corrosion risks on SoCalGas's Non-State-of-the-Art (NSOTA) steel medium-pressure pipelines, that may not be prioritized for accelerated replacement under DREAMS, and/or to potentially reduce the volume of pipe requiring accelerated replacement. Also referred to as NSOTA steel pipelines, these pipelines are non-cathodically protected steel pipelines. GESI conducted an analysis of its GIS Distribution data and identified pipelines with variations of coal tar coating applied. Coal tar coating has strong adhesive properties, is durable, and is conducive to the application of CP. The GIS data review identified over 20 operating districts in the SoCalGas service territory with pre-1971 pipelines protected by coal tar coating. SoCalGas plans to convert this subset of NSOTA pipelines to cathodically-protected pipelines using both impressed-current and galvanic-anode systems. When the new CP systems are commissioned, operation and maintenance of the CP systems is managed through the cathodic protection activities in Section III.A.9, and the pipeline is then reclassified as State-of-the-Art (SOTA). CP SIP consists of both capital and O&M activities and costs, which are primarily driven by the number of miles protected. O&M activities and costs include an allocation of project management, such as data management, program/project evaluation and development, and reporting, which are not unitized. Through both the CP SIP and the replacement of higher-risk NSOTA pipe under DREAMS, SoCalGas holistically addresses the risk of corrosion-driven failure on NSOTA steel pipelines. In addition to enhancing system integrity, CP SIP offers a more cost-effective approach

compared to full pipe replacement under DREAMS, supporting long-term affordability for customers by extending asset life and reducing capital expenditures. The capital component is presented in Section IV.L. of this testimony.

Distribution Riser Inspection Project (DRIP): This PAAR addresses the corrosion-related failure threat associated with anodeless risers (ALRs). ALRs are service line components that have a history of failure before the end of their useful lives. Prior to the development of "anodeless" risers, plastic lines were transitioned underground from plastic to steel, and the riser portion was fabricated from steel pipe. However, this approach resulted in stranded sections of buried steel pipe that required CP. Since CP for these installations was typically achieved with anodes, the term "anodeless" was coined for a riser design that eliminated the need for anodes.

SoCalGas discovered certain riser designs from the 1970s and 1980s in which factory-applied coatings trapped moisture, which can lead to accelerated corrosion. An ALR failure can result in adverse consequences, as risers are attached to the MSA and are often located near a residence. Such failures may contribute to gas leaks and compromise the structural integrity of the MSA and service line.

The project identified 2,500,000 ALR units with the potential to be an integrity threat due to premature failure. Since the program's start in 2013, approximately 2,100,000 ALRs have been remediated. SoCalGas's research-based efforts developed an effective means of mitigating aboveground and ground-level corrosion on ALRs. This effort led to the implementation of the epoxy composite wrap, which provides an effective protective barrier for the aboveground section of the riser under typical riser-installation environmental conditions, in lieu of replacing the riser.

Risers that do not pass the inspection evaluation and cannot be easily treated with the epoxy composite wrap solution will be mitigated using advanced methods. These methods include excavations around the riser, additional coating installation, concrete coring, repairs, and riser replacements. SoCalGas has completed 80% of the identified sites with epoxy wrap. However, 20% of the remaining sites will require advanced repair and replacement methods. At the current rate, the DRIP is anticipated to be completed by 2031. All natural gas service lines installed as of 2015 are now required to apply a wax pad during riser installation. Risers installed prior to 2015 have limited corrosion protection and therefore require inspection and

replacement of the riser coating, which involves removing the ineffective coating from risers and applying a wax pad.

PHMSA issued Advisory Bulletins, such as ADB-2021-01,[34] which instructs utilities to address hazardous leaks and minimize gas releases and reinforce the importance of corrosion control and leak remediation efforts under the DRIP. Further, ADB-2016-04[35] specifically emphasizes the need for effective corrosion protection under coatings, supporting SoCalGas's adoption of epoxy composite wraps for anodeless risers as an alternative to full replacement. The incorporation of these advisories into SoCalGas's program design and execution reflect the Company's commitment to meeting federal expectations and maintaining the safety and reliability of its distribution system.

Gas Infrastructure Protection Project (GIPP): This PAAR addresses potential third-party vehicular damage to aboveground pressurized natural gas distribution facilities (*e.g.*, service lines, meters, and service regulators). This program is responsive to PHMSA guidance, which indicates that operators should address low-frequency but potentially high-consequence events through the DIMP,[36] as well as risks associated with earth movement and external forces.[37] To address the threat of vehicular damage to Company facilities, SoCalGas has identified, evaluated, and implemented a damage prevention solution that includes a collection of mitigation measures, including construction of barriers (bollards or block wall) between facilities and vehicular traffic; relocation of the facility; or installation of an Excess Flow Valve. The approximate GIPP forecast for remediation is 600 sites in 2026 and 600 sites in 2027. SoCalGas will resume standard mitigations in 2028 and complete all outstanding mitigations by 2029. The

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[34] Pipeline Safety: Statutory Mandate to Update Inspection and Maintenance Plans to Address Eliminating Hazardous Leaks and Minimizing Releases of Natural Gas from Pipeline Facilities, 86 Fed. Reg. 110,31002 (June 10, 2021), *available at:* https://www.govinfo.gov/content/pkg/FR-2021-06-10/pdf/2021-12155.pdf.

[35] Pipeline Safety: Ineffective Protection, Detection, and Mitigation of Corrosion Resulting from Insulated Coatings on Buried Pipelines, 81 Fed. Reg. 119,40398 (June 21, 2016), *available at:* https://www.govinfo.gov/content/pkg/FR-2016-06-21/pdf/2016-14651.pdf.

[36] Pipeline Safety: Overpressure Protection on Low-Pressure Natural Gas Distribution Systems (September 29, 2020, 85 Fed. Reg. 189,61097), *available at*: https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/2022-01/PHMSA-2020-0025.pdf.

[37] Pipeline Safety: Potential for Damage to Pipeline Facilities Caused by Earth Movement and Other Geological Hazards, 87 Fed. Reg. 106,33576 (June 2, 2022), *available at:* https://www.govinfo.gov/content/pkg/FR-2022-06-02/pdf/2022-11791.pdf.

estimated number of mitigations for 2028 is 4,000. The year 2029 is anticipated to be the project completion year for the remaining mitigations, whether standard or non-standard, with an estimated total of approximately 4,000.

From 2025 to 2027, SoCalGas will primarily focus on implementing non-standard mitigations, which are inherently complex and require extensive design, engineering, and longer execution timelines. These measures include protect-in-place solutions such as installing walls, K-Rails, or W-Rails without direct pipeline work, as well as relocating or abandoning gas facilities where necessary. Additionally, the installation of excess-flow or curb valves will be employed to enhance system safety and reliability. Installing a valve allows the company to shut off the gas in the event the meter is hit, providing an added layer of protection. In 2028 and 2029, SoCalGas's forecast shifts toward completing all remaining sites in the queue, which consists of mitigations such as installing meter guards or guard posts in accordance with company standards. Since the program started in 2011, approximately 475,000 inspections have been completed and over 46,000 sites remediated. The prioritization and application of GIPP inspections and remediations are based on field assessments. The capital component is presented in Section IV.L. of this testimony.

Sewer Lateral Inspections Project (SLIP): This PAAR addresses an emerging issue involving pipeline damage to sewer laterals. SLIP addresses the concerns PHMSA raised under the DIMP regulations, which require operators to address identified threats of low-frequency but potentially high-consequence events.[38] SLIP is considered low frequency due to the limited number of leak occurrences and is considered high consequence due to the potential migration of gas into a building structure through the sewer line, resulting in a hazardous condition if a leak were to occur. The integrity threat arises from the use of trenchless technology during pipeline installation. Trenchless technology enables installing a pipeline without excavating a trench along its entire length. Instead of excavating a trench along the entire length of a pipeline, which can be infeasible and/or much more costly, the operator can use advanced boring or directional

[38] PHMSA, *Gas Distribution Pipeline Integrity Management Enforcement Guidance – 49 CFR Part 192 – Subpart P* (December 2015) at 19, *available at*: https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/DIMP_Enforcement_Guidance_12_7_2015.pdf.

drilling technology to install the pipeline from a single point of entry. An auger, or drill, is affixed to the tip of the pipeline segment and used to bore the pipeline through existing terrain.

Threats to pipeline integrity can occur during the installation of the pipeline if the auger inadvertently crosses an unidentified sewer line or "lateral" and consequently penetrates, or bores, through all or a portion of the sewer line, creating what is referred to as a "cross bore." The damage to the sewer lateral can either create an immediate blockage or a blockage that slowly worsens, depending on the extent of the gas pipeline encroachment. At some point, the cross bore can create a sufficient blockage to clog drains, requiring the sewer line to be unplugged. Actions taken to eliminate or clear the perceived sewer debris and blockage may damage the gas pipeline and pose risks to the gas infrastructure and the public. For example, an incident in 2010 in St. Paul, Minnesota, highlighted the risk of an unidentified cross bore. A contractor cut a natural gas line while attempting to unclog a sewer pipe, resulting in a gas leak from a plastic gas line that caused an explosion. Similarly, in 2024, a home explosion in Carrollton, Texas, was attributed to natural gas migrating into a sewer line, injuring an occupant and necessitating emergency response and investigation. This incident highlights how cross-bore conditions can create hazardous, confined environments when gas accumulates within sewer infrastructure. Earlier incidents further illustrate the potential consequences of undetected cross bores. In 2004, a gas pipeline installed using trenchless boring methods in Phoenix, Arizona, penetrated sewer laterals and was subsequently damaged during sewer cleaning activities, resulting in multiple injuries, the destruction of a mobile home, and significant financial liability.

The first step in SLIP is a comprehensive review of construction documents for pipelines installed using trenchless technology to identify potential areas where cross bores may have occurred. Through this review of records, SoCalGas identifies areas to be inspected and schedules and prioritizes those inspections. If a cross bore (or bores) is identified, the conflict is either repaired on a spot basis or, if appropriate, the pipe segment may be replaced.

In addition to identifying and addressing cross-bore conflicts, SoCalGas has developed communication plans to educate plumbing contractors, equipment rental companies, and municipalities about this potential issue. The importance of these communication efforts is demonstrated by a February 2012 incident, where a plumber clearing a sewer blockage struck a previously installed one-inch polyethylene gas service line that had been cross-bored in 1979.

This resulted in a gas release that ignited and caused a residential fire because the plumber did not follow the recommendation to contact SoCalGas prior to performing the work.

Since the program's start in 2010, approximately 4.8 million service records have been reviewed, and over 600,000 field service inspections have been completed. The SLIP PAAR records review will be completed in 2026. The services left to inspect are dependent on the records review's findings and are expected to be approximately 750,000 services, based on initial findings.

DREAMS: The DREAMS was developed to manage the replacement of Non-State-of-the-Art (NSOTA) pipes with State-Of-The-Art (SOTA) pipes, which SoCalGas has undertaken to comply with the DIMP requirements mandated by 49 CFR § 192, Subpart P, to reduce the risk of serious incidents and enhance the overall safety and reliability of the natural gas distribution system.

NSOTA pipe refers to non-cathodically protected steel pipe segments (Bare Steel Replacement Plan (BSRP)) and early vintage plastic pipe segments (Vintage Integrity Plastic Plan (VIPP)). BSRP focuses on replacing unprotected steel pipelines, because the lack of protective coating and CP makes this category of steel a higher-risk family of pipes. The VIPP pipe population consists of vintage Aldyl-A pipes, which have been recognized by federal and state regulators as high-risk pipes that require action by pipeline operators.

The slow crack growth associated with this Aldyl-A material fundamentally poses a higher level of risk due to the nature of leaks created by this mode of failure. Leak surveys do not completely mitigate the risk, as leaks can occur suddenly and result in risk events. These points are further emphasized in advisory bulletins issued by PHMSA.

TABLE JW-21
PHMSA ADVISORY BULLETINS

Bulletin	Date	Description
ADB-99-01	March 11, 1999	Potential Failure Due to Brittle-Like Cracking Certain Polyethylene Plastic Pipe Manufactured by Century Utility Products Inc
ADB-99-02	March 11, 1999	Potential Failures Due to Brittle-Like Cracking of Older Plastic Pipe in Natural Gas Distribution Systems
ADB-02-07	November 26, 2002	Notification of the Susceptibility to Premature Brittle-like Cracking of Older Plastic Pipe
ADB-07-01	September 6, 2007	Updated Notification of the Susceptibility of Older Plastic Pipes to Premature Brittle-Like Cracking
ADB-26-01	January 23, 2026	Distribution Integrity Management Program Considerations for Plastic Piping and Components

In 2007, PHMSA issued an Advisory Bulletin (ADB-07-01) stating that "the number and similarity of plastic pipe accident and non-accident failures indicate past standards used to rate the long-term strength of plastic pipe may have overrated the strength and resistance to brittle-like cracking for much of the plastic pipe manufactured and used for gas service from the 1960s through the early 1980s."[39] Additionally, the advisory highlights the importance of leak surveillance, robust data collection to improve failure analysis, and targeted laboratory testing, and it identifies high localized stress intensification as a contributor to premature cracking.

On January 23, 2026, PHMSA issued an Advisory Bulletin (ADB-2026-01) to owners and operators of natural gas distribution systems, reminding them to "consider accelerated degradation risks associated with elevated temperature environments" and encouraging them to "complete an inventory of plastic pipe and components that may be susceptible to such environments."[40] The advisory bulletin fulfills an NTSB recommendation following the March 2023 West Reading incident (details below).

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[39] Pipeline Safety: Updated Notification of the Susceptibility to Premature Brittle-Like Cracking of Older Plastic Pipe, 72 Fed. Reg. 172,51301 (September 6, 2007), *available at:* https://www.govinfo.gov/content/pkg/FR-2007-09-06/pdf/07-4309.pdf.

[40] Pipeline Safety: Distribution Integrity Management Program Considerations for Plastic Piping and Components, 91 Fed. Reg. 15,2995 (January 23, 2026), *available at*: https://www.govinfo.gov/content/pkg/FR-2026-01-23/pdf/2026-01321.pdf.

Further, the CPUC released a 2014 report emphasizing the importance of replacement rates that effectively reduce the risks associated with early-vintage Aldyl-A.[41] There are numerous catastrophic consequences in California and across the nation that have underscored the safety risks of the aging Aldyl-A pipeline:

- Greater than 15 Aldyl-A failures have occurred in California alone, resulting in 15 ignitions, nine explosions, and six injuries since 1982. Of these incidents, SoCalGas has experienced eight, including two separate incidents that resulted in serious injuries, each of which occurred as recently as 2017-2018.
- On March 24, 2023, at a chocolate factory in West Reading, Pennsylvania, a leak from a retired Aldyl-A service tee installed in 1982 caused an explosion and fire that resulted in seven deaths and 10 injuries.
- On November 6, 2024, in South Jordan, Utah, an explosion associated with a subsurface gas leak from an Aldyl-A gas main installed in 1976 destroyed a home and fatally injured a 15-year-old boy.

In response to these advisory bulletins and other considerations described in the GESI testimony (Ex. SCG-03), SoCalGas has implemented annual leak-survey monitoring, enhanced failure reporting, improved failure sample management and laboratory testing, resolved gaps in pipeline attribution, and incorporated additional factors into its risk analytics to better identify and mitigate premature failures. SoCalGas mitigates the risks associated with vintage Aldyl-A and bare steel pipe through the execution of pipe replacement projects informed by the DREAMS QRA model, which is further described in the GESI testimony (Ex. SCG-03).

The aggregation of these efforts illustrates that SoCalGas has made and will continue to make considerable progress in the areas PHMSA identified in the advisory bulletins, as well as others, in supporting decisions that are threat-based and risk-informed. In the 2028 GRC cycle, SoCalGas plans to target 595 miles of mains and associated services for replacement in accordance with DIMP regulations, evaluating and prioritizing main replacements based on the results of the approach described above. The capital component is presented in Section IV.L. of this testimony.

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[41] CPUC, *Hazard Analysis and Mitigation Report: Aldyl A Polyethylene Gas Pipelines* (June 11, 2014) at 29, *available at*: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-policy%20division/reports/ra-doc-10-aldyla.pdf.

a. Description of RAMP Mitigations

Within this cost category are non-shared O&M costs for risk controls that were presented in the 2025 RAMP Report and are listed in the table below.

All DIMP activities are risk mitigation measures addressing safety risks identified in the 2025 RAMP Report for SCG-Risk-3, Medium Pressure Gas System, as described in the section above. Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-22
RAMP and GRC Risk Control/Mitigation Activities – O&M

DIMP Execution				
ID	**Control/Mitigation Name**	**2025 RAMP 2028 Estimate In 2024 $ (000s)**	**2028 GRC 2028 Forecast In 2025 $ (000s)**	**Change (000s)**
C182	**Distribution Risk Evaluation & Monitoring System (DREAMS)**	2,749[42]	4,195	1,446
C122	**Sewer Lateral Inspection Program (SLIP)**	14,970[43]	13,997	(973)
C121	**Gas Infrastructure Protection Program (GIPP)**	1,079[44]	1,093	14
C120	**Distribution Riser Inspection Program (DRIP)**	18,475[45]	11,116	(7,359)

[42] The total RAMP O&M forecast for C182 is $15.6 million. The cost shown on the table represents the estimated RAMP O&M forecast allocated to this workpaper, proportional to the GRC O&M forecast, representing 71% of the total activity. The other portion of costs for C182 can be found in the GESI Testimony (Ex. SCG-03).

[43] The total RAMP O&M forecast for C122 is $84.3 million. The cost shown on the table represents the estimated RAMP O&M forecast allocated to this workpaper, proportional to the GRC O&M forecast, representing 71% of the total activity. The other portion of costs for C122 can be found in the GESI Testimony (Ex. SCG-03).

[44] The total RAMP O&M forecast for C121 is $3 million. The cost shown on the table represents the estimated RAMP O&M forecast allocated to this workpaper, proportional to the GRC O&M forecast, representing 71% of the total activity. The other portion of costs for C121 can be found in the GESI Testimony (Ex. SCG-03).

[45] The total RAMP O&M forecast for C120 is $102.7 million. The cost shown on the table represents the estimated RAMP O&M forecast allocated to this workpaper, proportional to the GRC O&M forecast, representing 71% of the total activity. The other portion of costs for C120 can be found in the GESI Testimony (Ex. SCG-03).

DIMP Execution				
ID	Control/Mitigation Name	2025 RAMP 2028 Estimate In 2024 $ (000s)	2028 GRC 2028 Forecast In 2025 $ (000s)	Change (000s)
C129	Cathodic Protection System Improvement	380[46]	295	(85)
	TOTAL	37,653	30,696	(6,957)

b. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

The GESI testimony (Ex. SCG-03) sponsors a portion of C182, C122, C121, C120, and C129 costs and activities associated with the program management costs in support of the DIMP. It includes the same description of the selection and prioritization of these mitigations. The DIMP programmatic costs in the GESI testimony are separate and distinct from the DIMP execution costs and activities sponsored in this testimony.

As described in Section III.B.1. (Description of Costs and Underlying Activities), SoCalGas's DIMP is designed to comply with 49 CFR § 192, Subpart P, which requires operators to understand system conditions, identify and evaluate threats, implement measures to address risk, monitor performance, and periodically evaluate and improve the program. Consistent with regulations, SoCalGas evaluates its distribution system for threats including corrosion, natural forces, other outside force damage, pipe, weld, or joint failure, equipment failure, and incorrect operations, and develops and implements PAARs to reduce the likelihood and consequences of failures that could result in leaks, service interruptions, injuries or fatalities, environmental impacts, or property damage.

[46] The total RAMP O&M forecast for C129 is $2.2 million. The cost shown on the table represents the estimated RAMP O&M forecast allocated to this workpaper, proportional to the GRC O&M forecast, representing 70.9% of the total activity. The other portion of costs for C129 can be found in the GESI Testimony (Ex. SCG-03).

As described in the GESI testimony (Ex. SCG-03), SoCalGas considers system knowledge, performance data, resourcing, and other information such as the results of ongoing risk evaluation and program reviews to determine where continued or additional risk reduction activities are needed under the DIMP. Factors such as regulatory mandates and guidance (*e.g.*, advisory bulletins) and past activity levels also inform the scope of this control.

SoCalGas plans to maintain DIMP risk reduction activities at previously authorized levels, while increasing the scope of the DREAMS PAAR to align with updated quantitative risk results and manage system risk at a sustainable pace.

2. Forecast Method

The forecast method for DIMP Execution (O&M) is based on BY 2025 with adjustments. As described in the GESI testimony (Ex. SCG-03), the DIMP is a continuously evolving, risk-driven program, and the base year most accurately reflects the current average level and cost of activities required to effectively execute the PAARs in compliance with 49 CFR Part 192, Subpart P. SoCalGas has made adjustments to the base year forecast to account for anticipated variability in PAAR activity levels.

As discussed in the GESI testimony (Ex. SCG-03) and the Regulatory Accounts testimony (Ex. SCG-21), SoCalGas has a greater level of confidence in its ability to forecast DIMP activities and manage program execution within authorized funding levels and requests to close the DIMP one-way balancing account.

3. Cost Drivers

The cost drivers for this forecast include both labor and non-labor components. Labor consists of the employees required to direct, oversee, and implement the PAARs. Non-labor consists of contractors, lease vehicles, and other non-labor costs that are necessarily incurred to execute the PAARs. The primary cost drivers for O&M DIMP Execution relate to the amount of inspections expected for SLIP and DRIP, while for GIPP and DREAMS, there are both O&M and Capital costs. The O&M costs include the general operational costs, such as program oversight, lease and/or maintenance of vehicles, training, and supplies. The additional capital costs necessary to fully complete this work are detailed in Section IV.L. of this testimony and are also provided in the associated capital workpapers Ex. SCG-04-CWP (002770).

Additionally, changes in connection with the compensation modernization initiative have been made for the forecast period within this workgroup. *See* the Compensation and Benefits testimony (Ex. SCG-16/SDGE-20).

C. Field Operations Management (2GD002.000)

TABLE JW-23
Non-Shared O&M – Field Operations Management

GAS DISTRIBUTION (In 2025 $)			
C. Field Operations Management	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
1. Field Operations Management	20,631	17,782	(2,849)

1. Description of Costs and Underlying Activities

The Field Operations Management cost group supports the critical workforce in maintaining the integrity of the pipeline system, preventing and reducing risks, and delivering safe and reliable service to customers. This request advances SoCalGas's ability to maintain compliance with requirements set forth in Pub. Util. Code § 961(d)(10) to "[e]nsure an adequately sized, qualified, and properly trained gas corporation workforce".[47] Table JW-23 above summarizes Gas Distribution O&M costs associated with Field Operations Management.

The costs described within this workgroup are categorized as Operations Leadership, Field Management, Field Operations Supervisors, Maintenance and Inspection Management, and District Clerical Support.

- **Operations Leadership:** Company leaders play a critical role in shaping organizational culture, setting the tone, and defining the strategic direction of the Company. They articulate a clear vision that supports SoCalGas's objectives and guides the organization toward success. Gas Distribution's mission is to continue delivering safe and reliable service to customers while maintaining a strong focus on affordability. To achieve this mission, the message must reach approximately 2,300 Gas Distribution employees across SoCalGas's extensive and diverse service territory. Leadership consistently communicates and reinforces these goals, inspiring a passion for success through regular engagement at all levels, such as ongoing discussions with managers, dialogue sessions with front-line

[47] Pub. Util. Code § 961(d)(10).

supervisors and employees, participation in employee seminars, refresher training, and one-on-one meetings.

- **Field Management:** Field management is responsible for overseeing the workforce that plans and executes Gas Distribution pipeline maintenance and installation activities. These efforts are essential to maintaining the safety and reliability of the SoCalGas system and to providing the operational leadership and field oversight needed to support its mission. Field management includes such tasks as:
  - Implementing programs focused on enhancing SoCalGas's comprehensive safety (employees, contractors, public, and system) and the customer experience;
  - Facilitating the acquisition and allocation of resources to complete work on time;
  - Supporting supervisors in the resolution of scheduling conflicts;
  - Reviewing compliance work for accuracy and completeness;
  - Providing guidance and consultation to pipeline contractors regarding job requirements and adherence to Company procedures; and
  - Providing overall leadership to support the achievement of Company goals and to guide individual performance improvement.
- **Field Operations Supervisors:** Field supervisory positions are critical to providing daily management of front-line employees, inspecting contractors that perform work on the distribution system, as well as interacting directly with customers, public agencies, and the general public. In addition, supervisors are responsible for providing daily work direction and inspecting contractor work throughout the service territory. These employees also have off-hour (*i.e.*, On-Call) responsibilities, requiring them to respond to emergencies such as gas line breaks, damaged gas facilities, and leak investigations. They hold leadership roles and provide training, coaching, and mentoring to SoCalGas's front-line employees and third-party contractors. These supervisors encourage and coach employees to work safely, follow Company procedures, deliver a superior

customer experience, and contribute to the building and maintenance of a safe and reliable natural gas delivery system.

- **Maintenance and Inspection Management:** The Maintenance and Inspection Department consists of Measurement and Regulation, CP, and Leakage. The costs associated with this department, and presented in this workgroup, include the Managers and Supervisors of the Measurement and Regulation and CP Departments as well as the Supervisors and clerks in the Leakage Department. The Supervisors and Managers of the Measurement and Regulation and CP departments perform duties similar to the Field Management and Field Supervisors discussed in the previous section, but the work they support is represented in the Measurement and Regulation (2GD000.007) and CP (2GD000.008) workgroups, respectively. The Leakage group is responsible for preparing leak survey maps, obtaining permits for leak repairs, and managing the inventory and closeout of documentation associated with leaks.
- **District Clerical Support:** Each operating district includes clerical support, performed by District Operations Clerks (DOCs), for daily activities such as payroll, order documentation, and general administrative tasks. The labor costs associated with the district DOCs are presented in this workgroup.

2. Forecast Method

The forecast method for Field Operations Management is based on BY 2025. Supervision needs are expected to remain relatively consistent in the forecast years relative to the base year.

As mentioned in Section II (Affordability & Efficiency), the District Clerical Support Project is an initiative to identify opportunities to simplify processes, eliminate duplicative work, and enhance coordination across the company for the DOC position. This initiative is expected to result in lower costs in the forecast period. Adjustments have been made to the forecast period of 2026-2031 to present the anticipated efficiency of the District Clerical Support Project.

The base year forecast combined with reductions for the efficiencies gained by the District Clerical Support Project best represents the department's current state and anticipated future needs.

3. Cost Drivers

The primary cost drivers for the Field Operations Management cost group are labor-related and reflect the staffing levels required to provide effective leadership, supervision, and administrative support for Gas Distribution field operations. These costs are largely influenced by the number of employees and contractors performing safety-critical work across SoCalGas's geographically diverse service territory, and the corresponding need for managers, supervisors, and clerical staff to support work being performed safely, efficiently, and in compliance with regulatory requirements. Field Operations Management staffing levels are expected to remain relatively stable over the forecast period, as the scope of field activities and supervisory responsibilities remains consistent with the base year. The decrease reflected in the forecast is driven by efficiency improvements associated with the District Clerical Support Project, which is expected to reduce clerical labor requirements through process simplification, elimination of duplicative activities, and improved coordination, while continuing to support safe and reliable gas operations.

D. Planning, Engineering, & Project Management (2GD003.000)

TABLE JW-24
Non-Shared O&M – Planning, Engineering, & Project Management

GAS DISTRIBUTION (In 2025 $)			
D. Planning Engineering & Project Management	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
1. Planning Engineering & Project Management	4,067	4,089	22

1. Description of Costs and Underlying Activities

The Planning, Engineering, and Project Management cost group supports Gas Distribution O&M activities performed by the Planning, Engineering, Project Management, and Project Support Services workgroups. These workgroups provide technical and administrative services in support of O&M field operations, including maintenance, repair, replacement, and reliability-related activities, while also supporting Capital projects. Only the O&M-related labor and non-labor costs are recorded in this workpaper. Capital-related costs are excluded and addressed in Section IV.N. of this testimony. Table JW-24 above summarizes Gas Distribution O&M costs associated with Planning, Engineering, and Project Management activities.

These workgroups provide the technical, planning, engineering, and administrative services necessary for the successful and timely completion of the O&M activities discussed in Section A (Field Operations and Maintenance). Services also support Capital activities. However, this workpaper records only O&M-related labor and non-labor costs associated with these functions. Activities performed by the Planning, Engineering, and Project Management workgroups in support of O&M work include, but are not limited to:

- Identifying construction and maintenance design requirements;
- Evaluating pressure specifications and system operating conditions;
- Conducting pipeline planning and design in support of maintenance and corrective actions;
- Preparing project drawings and work order documentation;
- Identifying and ordering materials;
- Preparing work order estimates;
- Acquiring third-party contract services (*e.g.,* paving, traffic control plans, operated equipment);
- Obtaining construction and maintenance permits from city, county, state, and federal agencies; and
- Managing the completion and closeout of projects.

The Planning Department includes Planners, Supervisors, Managers, and support staff who support O&M activities associated with capital projects, customer requests, and leak repair. Costs recorded in this workpaper include the O&M portion of labor (such as training, meetings, and time spent supporting O&M work orders) and non-labor costs, which primarily consist of office supplies.

The Distribution Engineering Department provides technical expertise supporting the design, integrity, capacity, and regulatory compliance of the gas distribution system. This includes engineering assessments, risk evaluation, high-pressure closeout and compliance support, emergency response, and technical guidance for maintenance and corrective work. Distribution Engineering also supports incident response and recovery activities and provides engineering analysis, pipeline planning, mapping, and logistics coordination when the Emergency Operations Center is activated.

The Project Management Department primarily supports Capital projects, but also incurs O&M-related labor and non-labor costs, which include training, meetings, and other support activities applicable to O&M work.

Project Support Services includes workgroups that perform administrative and technical support functions for O&M activities, such as obtaining permits, reconciling orders, posting projects in GIS, and managing paving inventory records. O&M costs recorded in this workpaper include labor for training, meetings, and direct O&M support, as well as non-labor costs primarily related to office supplies.

Overall, the Planning, Engineering, and Project Management cost category supports the safety and reliability of SoCalGas's distribution system by maintaining accurate asset records, identifying system risks, developing corrective maintenance solutions, coordinating with field personnel to complete necessary work, and documenting O&M activities. These efforts further SoCalGas's implementation of Pub. Util. Code § 961(d)(1) by supporting the identification and mitigation of hazards and systemic risks and by maintaining adequate documentation of the history and condition of Commission regulated gas pipeline facilities.

2. Forecast Method

The forecast for the Planning, Engineering, and Project Management cost group is based on BY 2025. This approach is appropriate because the scope of O&M support activities and associated staffing levels are expected to remain stable over the forecast period. These workgroups perform ongoing technical, planning, engineering, and administrative functions necessary to support routine maintenance, corrective actions, regulatory compliance, and system reliability, all of which reflect steady-state operations.

BY 2025 labor and non-labor costs provide a reasonable and representative baseline for forecasting future costs. SoCalGas does not anticipate material changes in workload, processes, or resource requirements that would warrant adjustments beyond Base Year levels. Accordingly, authorized BY 2025 expenditures are used to forecast test-year costs, reflecting expected continuity in O&M support for field operations. This methodology supports sufficient resources are maintained to support the safe and reliable operation of the gas distribution system.

3. Cost Drivers

The primary cost drivers for the Planning, Engineering, and Project Management cost group are the FTE levels of the associated workgroups and the non-labor costs necessary to

support those employees. These functions are inherently labor intensive and provide ongoing, steady state support for Gas Distribution activities, resulting in costs that closely correlate with staffing levels rather than short-term fluctuations in workload. Labor costs are driven by the number and mix of planners, engineers, project managers, supervisors, and support staff required to perform routine planning, engineering, coordination, documentation, and administrative activities. Non-labor costs are driven by the need to equip and support these FTEs, including office supplies and other routine administrative resources, and generally scale with staffing levels. While the level of O&M field activity necessitates the existence of these support functions, the drivers of costs for this workpaper are stable FTE counts and their associated support expenses, supporting the use of a base year forecast methodology.

Additionally, changes in connection with the compensation modernization initiative have been made for the forecast period within this workgroup. *See* the Compensation and Benefits testimony (Ex. SCG-16/SDGE-20).

E. Integrated Strategy & Resource Management (2GD004.000)

TABLE JW-25
Non-Shared O&M – Integrated Strategy & Resource Management

GAS DISTRIBUTION (In 2025 $)			
E. Integrated Strategy & Resource Management	**2025 Adjusted-Recorded (000s)**	**TY 2028 Est. (000s)**	**Change (000s)**
1. Integrated Strategy & Resource Management	15,290	15,370	80

1. Description of Costs and Underlying Activities

The Integrated Strategy and Resource Management cost group supports the O&M expenses for the following workgroups: Operations Performance Management, Distribution Resource Scheduling, Distribution Projects and Programs Management Office (PMO), Customer Services Staff, and the Vice President of Gas Distribution. Table JW-25 above summarizes SoCalGas's requested TY 2028 expenses for Integrated Strategy & Resource Management, which reflects no change in the test year compared to BY 2025 adjusted-recorded costs.

The Operations Performance Management workgroup oversees strategic decisions; evaluates the Gas Distribution organization workforce; analyzes, tracks, and provides guidance to support the effectiveness of overall department operations and financial health; and supports the Gas Distribution organization in meeting its regulatory obligations.

The Distribution Resource Scheduling workgroup manages the scheduling and dispatch operations for the Gas Distribution organization. Scheduling and Dispatch Operations employees work in coordination with field supervision, field employees, technical planning, third-party contractors, cities, and counties. They utilize a combination of information technology systems and manual processes to distribute work to SoCalGas and contractor personnel in the field. This coordination with other departments and agencies is critical for the efficient and effective completion of field O&M work.

Within this cost group, the Distribution PMO manages the execution of the GIS Data Quality Improvement (DQI) Program. The GIS DQI workgroup supports ongoing enhancements to SoCalGas's Enterprise GIS and Service History database by addressing limitations stemming from legacy mapping practices developed over the Company's 150-year history. Variations in historical mapping introduced inconsistencies and gaps in service pipe records. During the migration to GIS, automated processes generated service features from geocoded meter addresses, providing operational visibility but not always reflecting actual field conditions. The DQI program resolves these challenges by embedding data quality improvements into routine field operations rather than treating them as separate corrective projects. Field employees performing Locate & Mark activities use company-approved pipeline locators (RD8100) and high-precision Global Navigation Satellite System (GNSS) devices connected to Real-Time Kinematic (RTK) Base Stations to capture accurate pipeline positions. Data flows directly into centralized enterprise systems, making it immediately available to GIS editors and integrated applications. This real-time process eliminates delays, reduces manual work, and allows updates to be reflected promptly across operational platforms. The program originated from lessons learned during the Map Update Request (MUR) process, which allowed field employees to submit GIS corrections but was constrained by time-sensitive USA ticket surges and compliance deadlines. By integrating advanced hardware, software, and workflows into standard practices, DQI establishes a sustainable approach to improving data integrity.

The Customer Services Staff workgroup comprises Advanced Meter Operations (AMO), as well as Field Service Strategy and Enhancement. AMO supports accurate meter reading and reliable data collection, consistent with GO 58-A[48] and SoCalGas's CPUC-approved tariff rules

[48] GO 58-A, Standards for Gas Service in the State of California (December 16, 1992).

(Rules 14 and 16),[49] and it enables implementation of the AMI authorized by D. 10-04-027. AMO activities encompass the management and analysis of Data Collection Units (DCU) and Meter Transmission Units (MTU). These responsibilities also include the oversight of new and replacement construction/installations, field inspections, and ongoing maintenance of DCUs and MTUs. Together, these activities support network reliability, consistent and accurate data collection, and support precise customer billing. Further, AMO utilizes consumption analytics to leverage data from the AMI to monitor usage patterns for abnormalities or potential unauthorized consumption. This analysis enhances system and customer safety, improves operational awareness, and supports an improved overall customer experience.

The Field Service Strategy & Enhancement (FSSE) organization provides a structured governance and execution framework designed to support field service operations being conducted in a manner that is safe, compliant, efficient, and transparent. FSSE is comprised of three interdependent teams: Data Governance and Analytics, Project Management, and End-to-End Process Management.

The Data Governance and Analytics team establishes and maintains governance over customer service data used for internal management and operations, external reporting, and regulatory filings including the Risk Spending Accountability Report (RSAR). This team contributes to supporting CPUC reporting, management oversight, and operational decision-making through improved accuracy, consistency, timeliness, and traceability of primarily customer service data. By applying standardized data governance practices, the team mitigates the risk of inconsistent reporting and improves transparency.

The Project Management team provides formal governance, controls, and oversight for Customer Service and Distribution-related initiatives. Projects range from critical initiatives required to maintain essential systems and processes to targeted improvement efforts addressing identified performance gaps or regulatory risk. The Project Management team applies standardized methodologies, risk assessment, escalation protocols, and benefits to support the delivery of projects in a predictable manner, within approved scope, and aligned with

[49] SoCalGas Rule No. 14, Meter Reading, *available at:* *https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=113;* and SoCalGas Rule No. 16, Adjustment of Bills, *available at:* https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=115.

Commission's expectation to deliver continuous improvement in areas such as safety, customer experience, employee experience, and process efficiency.

The End-to-End Process Management team is responsible for promoting the overall health and integrity of processes across organizational boundaries. The team addresses risks that arise from fragmented ownership by establishing clear end-to-end accountability for processes that span multiple functional areas. Core responsibilities include defining and maintaining end-to-end customer service process models by establishing process ownership leading to accountability across functional silos. This approach supports quality and facilitates smoother communication leading to risk mitigation and enables customer service processes to be managed holistically, rather than in isolation.

Integrated Governance and Control Model is designed to function as a closed-loop governance system, with defined feedback mechanisms between process, data, and execution. End-to-End Process Management establishes process standards, ownership, and performance expectations. Data Governance and Analytics provides reliable data, performance indicators, and risk insights to monitor outcomes and support regulatory transparency. Lastly, Project Management executes corrective actions, system enhancements, and improvement initiatives where data and process monitoring identify material gaps or risks. This integration assists with issue identification through data, governed through clear process ownership, and resolved through disciplined execution, all of which support continuous improvement and sustained compliance. This framework positions field service operations to support alignment with CPUC expectations for safety, reliability, customer protection, and prudent management, while enabling continuous improvement in service quality and operational efficiency.

As part of SoCalGas's long-term operational roadmap, Gas Distribution remains fully aligned with the Company's broader Work Management Program Next Generation initiative (WMPNG). WMPNG represents SoCalGas's enterprise effort to modernize and standardize the technologies that support work planning, scheduling, dispatch, mobility, and asset management. This modernization supports safe, reliable, and efficient execution of field activities. Within this GRC cycle, in collaboration with SoCalGas Systems & Technology, Gas Distribution's partners on the Work Management Program Next Generation – Field Service Delivery (WMPNG-FSD), which replaces aging, unsupported systems with a modern Scheduling, Dispatch, and Mobility platform. This foundational investment strengthens field execution, enhances compliance

assurance, and lays the groundwork for future phases of the WMPNG initiative that will standardize a common platform across Gas Distribution, Transmission, and Storage. Additional details on the Company's overall WMPNG strategy, its technology architecture, and the planned Transmission and Storage implementation (WMP T&S) are provided in the Information Technology Testimony (Ex. SCG-10/SDGE-14). Gas Distribution's request in this testimony is fully consistent with, and an integral component of, the enterprise roadmap described therein.

As previously explained in Measurement & Regulations (2GD000.007), this cost group also has identified costs necessary to maintain the current AMI system. Please see supplemental workpaper Ex. SCG-04-WP-S-004 for details.

i. Description of RAMP Mitigations

Within this cost category, there are non-shared O&M costs for the risk control C004 (Damage Prevention Mapping) that were presented in the 2025 RAMP Report and are listed in the table below.[50]

Damage Prevention Mapping: The Company is committed to enhancing the mapping of subsurface facilities to promote accurate locate and mark responses, thereby reducing the risk of excavation damage. Several key controls and initiatives are in place to achieve this goal:

- ***Map Update Request Process:*** When deviations are identified in the field, the Company uses a Map Update Request process to promptly update records. This promotes current and accurate mapping data.
- ***GIS Data Quality Improvement Initiative:*** This initiative leverages the synergy between GPS and GIS technologies to enhance record history. By integrating precise GPS data with GIS systems, the Company improves the accuracy and reliability of subsurface facility maps.
- ***Anodes Connected to Tracer Wires:*** To improve the signal received by locating underground equipment, anodes are connected to tracer wires. This enhances the effectiveness of locating subsurface facilities.
- ***Warning Mesh:*** Installed above newly laid pipelines, warning mesh serves as a visual indicator to prevent accidental damage during excavation. This additional

[50] 2025 RAMP Report, Chapter SCG-Risk-1 Excavation Damage.

layer of protection helps so that subsurface facilities are not inadvertently disturbed.

Through these comprehensive controls and initiatives, the Company aims to continuously improve the quality of subsurface facility mapping, with the goal of promoting safer excavation practices and reducing the risk of damage.

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-26
RAMP and GRC Risk Control/Mitigation Activities – O&M

Integrated Strategy and Resource Management				
ID	**Control/Mitigation Name**	**2025 RAMP 2028 Estimate In 2024 $ (000s)**	**2028 GRC 2028 Forecast In 2025 $ (000s)**	**Change (000s)**
C004	Damage Prevention Mapping	1,032	1,114	82

ii. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

As previously mentioned in the Locate and Mark workgroup section of this testimony, PHMSA has issued a recent advisory bulletin[51] on preventing excavation damage. Highlighted in the potential excavation related threats portion of the advisory bulletin was inaccurate locating and records management. "Recent incidents, such as the 2025 explosion in Lexington, MO, underscore the danger of improperly marked or 'unmapped' facilities."[52] In that event, a strike

[51] Docket No. PHMSA–2026–1585, Pipeline Safety: Advisory Bulletin on Preventing Excavation Damage During National Safe Digging Month and Beyond, 91 Fed. Reg. 76,21368 (April 21, 2026), *available at:* https://www.govinfo.gov/content/pkg/FR-2026-04-21/pdf/2026-07752.pdf.

[52] *Id.*

on a capped gas main during a drilling project resulted in a tragic loss of life and severe injuries. These events are often the result of relying on legacy records that do not accurately reflect modern field conditions.

C004 is primarily driven by the GIS DQI program. As previously mentioned, the GIS DQI program supports ongoing enhancements to SoCalGas's Enterprise GIS and Service History database by addressing limitations stemming from legacy mapping practices developed over the Company's 150-year history. The DQI program resolves these challenges by embedding data quality improvements into routine field operations rather than treating them as separate corrective projects. Field employees performing Locate & Mark activities use company-approved pipeline locators (RD8100) and high-precision GNSS devices connected to RTK Base Stations to capture accurate pipeline positions. Data flows directly into centralized enterprise systems, making it immediately available to GIS editors and integrated applications. This real-time process eliminates delays, reduces manual work, and allows updates to be reflected promptly across operational platforms.

C004 allows SoCalGas to achieve real-time updates to its mapping system and improve the legacy records that do not always reflect modern field conditions as specified in the PHMSA advisory bulletin.

The GIS DQI project is focused on improving the mapping system related to high pressure services through 2027. Transitioning in 2028, the tools and processes are expected to be operationalized by Distribution field employees while performing Map Update Requests (MURs) as part of Locate and Mark activities. This transition will begin to target medium pressure pipelines at that time.

2. Forecast Method

The forecast method for Integrated Strategy and Resource Management is based on BY 2025. Forecasting expenses at a level consistent with the most recent historical year for the test year is appropriate because this cost group is predominantly driven by the size of the workforce, and the established resource levels are expected to remain stable. The underlying work activities, organizational structure, and support requirements of these functions are ongoing in nature, and SoCalGas does not anticipate an expansion of this team. As a result, BY 2025 adjusted-recorded costs represent a reasonable basis.

3. Cost Drivers

The cost drivers behind the Integrated Strategy and Resource Management forecast are the size of the workforce within each of the departments described. These functions are inherently labor intensive and provide ongoing, steady state support for Gas Distribution activities, resulting in costs that closely correlate with staffing levels rather than short-term fluctuations in workload. While the level of O&M field activity necessitates the existence of these support functions, the drivers of costs for this workpaper are stable FTE counts and their associated support expenses, supporting the use of a base year forecast methodology.

Additionally, changes in connection with the compensation modernization initiative have been made for the forecast period within this workgroup. *See* the Compensation and Benefits testimony (Ex. SCG-16/SDGE-20).

IV. CAPITAL

SoCalGas's capital investments are guided by its mission to provide safe, reliable, and affordable energy delivery today, ready for tomorrow. This commitment requires that SoCalGas invest in its infrastructure and support services to mitigate risks to public/customer safety, employee/contractor safety, service reliability, and gas system integrity. SoCalGas installs new pipeline mains, service lines, and MSAs to meet the needs of the customers in the service territory. To maintain system reliability and safety, SoCalGas makes a variety of capital improvements, including pipeline renewals to replace deteriorated pipelines or obsolete equipment, system capacity projects to improve areas of low pressure, installation/replacement of CP systems/components, as well as the purchase of EPM devices used for pressure monitoring and tracking. Other improvements include pipeline relocations to accommodate public infrastructure enhancements, such as street and highway widening, as well as relocations resulting from the construction of new water, sewer, and electric facilities. To accomplish these activities, SoCalGas monitors the condition of approximately 99,976 miles of medium-pressure mains and services and approximately 3,787 miles of high-pressure mains and services, for a total of approximately 103,763 miles of pipeline infrastructure. By utilizing technology and the professional judgment of experienced, skilled, and well-trained employees, SoCalGas manages capital in a prudent and responsible manner, consistent with local, state, and federal codes and regulations.

In preparing the forecast for capital expenditures, SoCalGas reviewed the trends in historical spending levels from 2021 to 2025, including the associated work units, and identified any future projects necessary to maintain the safe and reliable operation of the distribution system. Given the different identified cost drivers for the various activities, the forecasting methodologies vary. These driver analyses included reviewing forecasts of future spending based on historical spend patterns and historical and estimated future growth rates, as well as identifying required isolated projects. Gas Distribution requests that the Commission adopt its forecast for capital expenditures as reflected in Appendix C.

Table JW-27 summarizes capital forecasts for 2026 through 2031. The particular in-service date for the capital expenditures that underly these forecasts is provided in workpapers. Appendix C to this testimony provides a table that illustrates the capital expenditures that are estimated to have in-service dates between 2026 and Test Year 2028. Capital expenditures that are in-service between 2026-2028 will contribute to the Test Year 2028 revenue requirement request presented in the Summary of Earnings testimony (Ex. SCG-27 and Ex. SDGE-32). Capital expenditures with in-service dates in the post-test years (*i.e.*, 2029-2031) are also included in Appendix C. The post-test year revenue requirement request is included in the Post-Test Year Ratemaking testimony (Ex. SCG-28 and Ex. SDGE-33)

TABLE JW-27
Capital Expenditures Summary of Costs

GAS DISTRIBUTION (In 2025 $)							
Categories of Management	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
A. New Business Construction	19,343	18,090	17,277	15,959	15,708	15,868	16,243
B. Measurement & Regulation Devices	31,027	41,515	43,161	43,470	43,725	45,047	44,854
C. Remote Meter Reading	608	962	939	4,586	435	435	435
D. Cathodic Protection Capital	24,243	24,312	24,308	27,062	29,818	31,349	31,349
E. Main Replacement	26,451	27,841	28,234	37,163	37,164	37,163	37,163

GAS DISTRIBUTION (In 2025 $)							
Categories of Management	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
F. Service Replacement	46,365	64,198	64,430	69,297	69,298	69,298	69,297
G. Main & Service Abandonments	11,880	14,576	14,560	14,557	14,557	14,557	14,557
H. Pipeline Relocation	22,248	30,274	30,262	30,259	30,260	30,259	30,259
I. Meter Protection	2,506	3,016	9,040	21,062	21,063	21,062	21,062
J. Regulator Station	11,673	11,711	11,705	11,704	11,704	11,704	11,704
K. Other Distribution Capital Projects	15,190	15,265	15,254	15,251	15,251	15,251	15,251
L. DIMP Project Execution	120,694	193,948	260,920	263,151	263,155	263,153	263,151
M. Capital Tools & Equipment	9,444	9,455	9,453	9,453	9,453	9,453	9,453
N. Capital Execution & Engineering	119,282	107,838	110,367	126,276	125,431	126,300	126,492
Total	**460,954**	**563,001**	**639,910**	**689,250**	**687,022**	**690,899**	**691,270**
Collectible (CO)	43,919	30,718	35,483	37,564	37,313	37,473	37,848
Non-Collectible (NC)	417,035	532,283	604,427	651,686	649,709	653,426	653,422

The following sections provide each activity's expected expenditures, a description of the specific work to be completed and the benefits of that work, the forecast methodology, and the cost drivers. These activities are critical to maintain regulatory compliance and the continued safe and reliable delivery of natural gas. In addition to this testimony, also refer to my capital workpapers Ex. SCG-04-CWP for additional information on the projects described herein.

A. New Business Construction (BC151)

TABLE JW-28
Capital Expenditures – New Business Construction

GAS DISTRIBUTION (In 2025 $)							
A. New Business Construction	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. New Business Construction (CO)	22,985	23,559	28,314	30,142	29,891	30,051	30,426
2. New Business Construction (NC)	(3,642)	(5,469)	(11,037)	(14,183)	(14,183)	(14,183)	(14,183)
Total	**19,343**	**18,090**	**17,277**	**15,959**	**15,708**	**15,868**	**16,243**

1. Description

The forecasts for New Business Construction support the Company's obligation to serve its customers within the service territory by providing a safe and reliable distribution system for new residential, commercial, and industrial customers. Under SoCalGas Tariff Rule Nos. 2, 20, and 21, the Company is obligated to provide gas service to eligible customers within its certificated service territory, subject to reasonable conditions and Commission approved cost responsibility provisions. To meet this obligation, SoCalGas plans and executes New Business Construction consistent with its CPUC approved tariffs and applicable regulatory requirements, including GO 12-F and PHMSA regulations under 49 CFR § 192, which establish minimum standards for the design, construction, operation, and maintenance of gas distribution facilities. New Business Construction investments allow SoCalGas to accommodate customer needs while maintaining system safety, reliability, and regulatory compliance. Details regarding new business construction are found in my capital workpapers. *See* Ex. SCG-04-CWP (001510).

Under Commission decision, D. 22-09-026, gas line extension allowances, refunds, and discounts were eliminated for new customers who submitted their application for new service to SoCalGas on or after July 1, 2023. As a result, these new gas customers are responsible for the full cost of the projects, and SoCalGas forecasts that all capital expenditures within this workpaper will be associated with post-July 2023 applications and are therefore fully collectible.

While the application date governs whether a project is eligible for allowances under D.22-09-026, the lifecycle of a new business project typically extends well beyond the initial service request to SoCalGas. Projects frequently require extended planning, engineering, permitting, and construction phases, such that the majority of capital expenditures and associated cost recording occur months or, in some cases, years after the original application has been received. Accordingly, it is reasonable for recorded costs associated with pre-July 2023 applications to continue to appear through 2027 as those projects reach construction and completion. Notwithstanding this, SoCalGas has been observing a declining volume of these pre-July 2023 application projects, with an increasing share of construction activity now attributable to applications received on or after July 2023. Consistent with this, beginning in 2028, capital expenditure reflected in this workpaper are forecasted to be fully collectible from applicants.

2. Forecast Method

a. New Business Construction

The forecast method developed for New Business Construction is based on a zero-based forecasting methodology, which is the most appropriate approach due to recent policy changes, particularly the elimination of the gas line extension allowance. Historical averages and a base year methodology no longer reflect current or future operating conditions because they incorporate outdated allowance subsidies and transitional application volumes. In contrast, a zero-based approach enables SoCalGas to develop the forecast using current unit costs and the S&P Global Regional Forecast, a third-party economic forecast of regional cost drivers and market conditions, so that expenditure accurately reflects post-allowance cost responsibility and aligns with cost causation principles.

The projected meter set forecast was developed using the 2025 historical ratio of S&P Global Regional Forecast housing completions to meter set installations, which indicates that approximately 47% of housing completions result in new meter installations. This ratio was applied to the forecasted average housing completions for the 2026–2031 period to estimate projected meter installs. *See* the Escalation & Gas Customer Forecast witness (Ex. SCG-20) for more details on the S&P Global Regional Forecast housing completions.

SoCalGas relied on the 2025 ratio as its most recent and representative measure of the relationship between housing activity and new meter installations following the elimination of

the gas line extension allowance. Earlier historical averages reflect pre-allowance conditions and higher meter installation rates that no longer apply. As a result, using a longer-term historical average would overstate the projected number of future meter installations, whereas the 2025 ratio reflects stabilized post-policy conditions expected to persist over the forecast period. In addition to moderating forecasted volumes, the forecast applies the 2025 average cost per installed meter, which is lower than prior historical averages and therefore reduces the total forecasted cost level. The 2025 average unit cost is more representative because it reflects current construction practices, cost responsibility, and operating conditions that are expected to persist throughout the forecast period. Earlier historical averages embedded with a higher cost per unit would therefore overstate forecasted unit costs and total expenditure. Together, the use of a representative post-allowance meter installation ratio and a current, lower average cost per meter install supports a New Business Construction forecast that reflects realistic volumes, reasonable unit costs, and cost causation consistent with present-day conditions. *See* supplemental workpaper, Ex. SCG-04-CWP-S-001, for calculation details.

b. New Business Forfeitures

New Business forfeitures reimburse SoCalGas for the cost of unused and/or underutilized facilities constructed at the request of a new business customer. They represent residual portions of Customer Advances for Construction as described under Rule 20 Gas Main Extensions and Rule 21 Gas Service Extensions. Forfeiture amounts are dependent on customer gas throughput levels incurred over a three-to-ten-year period after commencement of service. Due to the high volume of activity and the inherent complexity of tracking each customer's construction job and the associated throughput over a period of time, SoCalGas forecasted forfeitures using a five-year average methodology. This methodology allows SoCalGas to capture years of high, as well as years of low, forfeiture activity from 2021-2025. SoCalGas is forecasting forfeiture credits of $14,183,000 for each of the years 2026, 2027, 2028, 2029, 2030, and 2031. *See* supplemental workpaper Ex. SCG-04-CWP-S-002 for calculation details.

3. Cost Drivers

The underlying cost drivers for New Business Construction reflect both the volume and mix of construction activities required to install new main extensions and associated service laterals. These activities include the installation of new mains, services, MSAs, header piping

(*i.e.*, larger-diameter, medium-pressure pipes used to transport gas over longer distances), and advanced metering infrastructure necessary to serve new residential, commercial, and industrial customers. The forecasted costs account for Company labor, contractor and third-party services, municipal permitting requirements, and the proportional use of plastic and steel materials required to complete New Business facility installations. Collectively, these investments support system safety and reliability while enabling the Company to meet its obligation to serve. New Business Construction cost drivers are declining due to the application of a lower, post-allowance meter installation ratio based on 2025 conditions and the use of a more representative average cost per installed meter, which is below historical averages. Together, these assumptions reflect stabilized demand, current construction practices, and updated cost responsibility, resulting in reduced forecasted volumes and unit costs consistent with present-day operating conditions.

B. Measurement & Regulation Devices

TABLE JW-29
Capital Expenditures – Measurement & Regulation Devices

GAS DISTRIBUTION (In 2025 $)							
B. Measurement & Regulation Devices	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Meters	26,518	32,202	33,745	34,013	34,267	35,315	35,192
2. Regulators	3,417	7,568	7,673	7,714	7,715	7,989	7,919
3. Gas Energy Measurement System (GEMS)	760	1,042	1,041	1,041	1,041	1,041	1,041
4. Electronic Pressure Monitors (EPM)	332	703	702	702	702	702	702
Total	**31,027**	**41,515**	**43,161**	**43,470**	**43,725**	**45,047**	**44,854**

The M&R Devices work category includes expenditures for the purchase of gas meters, regulators, electronic gas pressure and temperature correction equipment, and EPMs. Table JW-29 provides a summary of the total capital costs for the forecast years.

These expenditures are necessary to safeguard public safety, comply with applicable rules and regulations governing gas metering such as GO 58-A and 112-F, and meet SoCalGas's obligation to measure gas consumption both timely and accurately and to serve new customers.

1. Meters (BC163)

TABLE JW-30
Capital Expenditures – Meters

GAS DISTRIBUTION (In 2025 $)							
B. Measurement & Regulation Devices	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Meters	26,518	32,202	33,745	34,013	34,267	35,315	35,192

a. Description

The forecasts for Meters include materials, warehouse handling, technical evaluations, and quality assurance for the purchase of both small meters, typically used in residential and small business applications, and larger meters, typically used in non-residential applications. Meter types purchased within this budget code include diaphragm, rotary, turbine, and ultrasonic. Commercial and industrial meter sets are replaced by the Distribution M&R Department, whereas small meter sets, typically installed at residential and small commercial sites, are replaced by the Distribution Field Operations and Customer Services Field Departments. Details regarding Meters are found in my capital workpapers. *See* Ex. SCG-04-CWP (001630).

Meters are purchased for two primary purposes: installations at new customer premises and replacements at existing premises. Meter purchases for new installation are consistent with the forecast discussed in Section IV.A. (New Business Construction), and meter purchases for replacements generally result from Company- or customer-identified conditions, such as meter accuracy, age, operation, or damage, or a predetermined replacement cycle based on meter capacity, size, and meter class performance.

These forecasted capital expenditures are necessary to support accurate billing and the continued provision of safe and reliable service to customers at a reasonable cost. Since the meter is the device used to measure customer gas consumption, timely replacement is essential when issues are identified to maintain compliance with GO 58-A, Section 12.

As previously explained in Measurement & Regulations (2GD000.007), this cost group also has identified costs necessary to maintain the current AMI system. *See* supplemental workpaper Ex. SCG-04-WP-S-003 for details.

i. Ultrasonic Meter Program

Included in this category are costs associated with SoCalGas's plans to deploy ultrasonic meters at some residential customer sites. Ultrasonic meters represent a critical advancement in gas metering technology as the industry transitions toward solid-state solutions. Unlike traditional diaphragm meters, ultrasonic meters utilize solid-state technology with no moving parts, which reduce mechanical wear, lower long-term manufacturing and maintenance costs, and help maintain measurement accuracy over the life of the asset. Improved accuracy supports greater billing precision, reduces unaccounted-for gas, and enables more granular detection of leaks and abnormal flow conditions, contributing to fugitive emission reductions. Enhanced data collection and analytics capabilities allow ultrasonic meters to continuously monitor operating conditions, such as excess flow, high pressure, and elevated temperature, enabling faster identification of safety concerns and automated valve closure when predefined thresholds are exceeded. These safety enhancements support timely shutoff or diversion actions, limiting gas release to the atmosphere and protecting public safety. Automated valve closure and remote operational functionality further enhance employee safety by reducing the need for field presence during collection or some emergency response activities. As the market continues to shift toward advanced, data driven metering technologies, the deployment of ultrasonic meters, in some appropriate applications, supports improved safety performance, operational automation, environmental benefits, and system reliability, making early adoption essential to align with evolving industry standards and customer expectations.

Traditional diaphragm gas meters continue to provide important operational benefits and remain a proven, well-understood technology with a long history of reliable service in residential applications. These meters utilize a simple mechanical design that does not rely on electronic components, software, or external power sources, supporting dependable operation and compatibility with existing infrastructure and workforce expertise. Diaphragm meters also typically have a lower upfront capital cost and established manufacturing and supply chains, making them a practical option where advanced safety, automation, or data analytics capabilities are not required. However, because diaphragm meters rely on mechanical components that are subject to wear over time and offer limited data and safety functionality compared to solid-state alternatives, manufacturers and utilities are shifting toward ultrasonic metering technology. Accordingly, SoCalGas will continue to utilize diaphragm meters for as long as they remain

commercially available while planning for a transition as the market evolves and manufacturers move fully toward ultrasonic meters. Additional information regarding the program can be found in the GESI testimony (Ex. SCG-03).

b. Forecast Method

The forecast method developed for Meters is zero-based. This method is most appropriate because SoCalGas anticipates higher costs under the latest vendor contracts due to limited supplier options, as only two vendors are currently manufacturing diaphragm gas meters. These increased costs are outside of the Company's control as they reflect vendor-driven pricing in a constrained market with limited competition. While the initial manufacturing cost of diaphragm meters exceeds that of ultrasonic meters, diaphragm meters may be more cost-effective in specific applications due to their longer expected service life and extended replacement intervals. When evaluated on a total lifecycle cost basis, including replacement frequency and associated operational impacts, the continued use of diaphragm meters in appropriate circumstances represents a reasonable and prudent investment for customers. Consistent with prudent standards, SoCalGas employs competitive procurement practices where practicable, benchmarks available offers, and negotiates terms to mitigate price volatility and supply chain risk while maintaining service quality and regulatory compliance.

Historical average meter costs therefore do not reflect anticipated expenditure for the forecast period. Instead, the weighted average of the vendors' costs per meter has been used to forecast this expenditure. Forecasting was based on projected new meter sets and forecast replacement meter sets. The details on the forecasted number of replacement meter sets are in the accompanying supplemental workpaper. The unit forecast was multiplied by the estimated cost per meter type from the 2025 weighted average non-labor cost per unit and the 2025 labor rate. The zero-based calculation provides the most accurate forecast for this capital category by incorporating projected customer growth, consistent with reduced New Business Construction (BC151) activity compared to historical levels, and forecasted meter replacements, while applying proportional costs by meter type. The supplemental workpaper contains the unit forecast and calculation details. *See* Ex. SCG-04-CWP-S-003.

c. Cost Drivers

The cost drivers for Meters are the costs to procure an adequate supply of meters to meet projected new business requirements and forecasted meter replacement needs. Replacement meters are installed in response to Company- or customer-identified remediation needs, including, condition, age, or obsolescence, as well as scheduled replacement based on meter capacity, type, or performance characteristics. As discussed, SoCalGas is anticipating higher costs under the latest vendor contracts.

2. Regulators (BC164)

TABLE JW-31
Capital Expenditures – Regulators

GAS DISTRIBUTION (In 2025 $)							
B. Measurement & Regulation Devices	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
2. Regulators	3,417	7,568	7,673	7,714	7,715	7,989	7,919

a. Description

The forecasts for Regulators include the purchase of regulator materials for both new installations and replacements, along with the corresponding technical evaluations. Installation of regulators at commercial and industrial sites is typically performed by the Distribution M&R Department, whereas installation at residential and small commercial sites is usually handled by the Distribution Field Operations and Customer Service Field (CSF) Departments. Details regarding regulators are found in my capital workpapers. *See* Ex. SCG-04-CWP (001640).

These forecasted capital expenditures support employee and public safety by supporting regulators that function as the primary overpressure protection devices at MSAs, securing employee and public safety, and protecting physical assets, in alignment with the state and the federal regulations, including the minimum federal safety standards for pressure relief and pressure limiting devices in 49 CFR §192.199.

A regulator equipped with a built-in slam-shut feature is a critical safety device installed as part of the customer MSA. This feature provides an alternative method of overpressure protection for residential natural gas systems when compared to traditional internal relief valve (IRV) regulators. With IRV regulators, under abnormal conditions, excess pressure would relieve through the regulator vent into the atmosphere. A slam-shut regulator is designed with

pre-determined pressure setpoint and continuously monitors downstream pressure. When the pressure reaches or exceeds the slam shut setpoint, the slam shut mechanism activates, rapidly closing the regulator to isolate the upstream and downstream system. This action completely stops gas flow without venting gas into the atmosphere, thereby enhancing system safety. MSAs located beneath structures, near building openings, or in proximity to potential ignition sources may require remediation. In situations where installing a vent extension or relocating the MSA is not feasible, the use of a slam-shut regulator provides an effective alternative means of overpressure protection. Slam-shut regulators protect customer house piping while eliminating the risk of creating additional hazards associated with venting natural gas to the atmosphere. As a result, they offer a safe and reliable solution for overpressure protection in installations where traditional IRV regulators are not suitable due to venting concerns.

Additionally, regulators are used at Regulator Stations and First Stage Regulation (FSR) to reduce the gas pressure from high-pressure pipelines to distribution system pressures and to further reduce pressure at each customer's MSA. When a customer MSA is severed from a gas source of 60 psig or greater, FSR is installed to limit inlet pressure on the standard service regulator to 59 psig or less. Regulators at MSAs also support accurate billing for customers, where delivery pressure is employed to compute corrected gas volumes delivered to customers. The forecasted capital expenditures for regulators align with the Company's goal of providing safe and reliable service at a reasonable cost.

b. Forecast Method

The forecast method developed for Regulators is zero-based. This method is most appropriate because historical data does not accurately project future regulator needs. Although contractual unit prices have remained relatively fixed over the contract period leading up to 2025, SoCalGas anticipates that vendor costs will increase under the most recent contract. As a result, historical average regulator costs are not representative of the forecasted expenditures in future years.

The forecast is based on the weighted average of the vendors' unit costs per regulator. To determine the number of regulators required, SoCalGas applied a historical five-year ratio of purchased meters to purchased regulators for the period 2021 to 2025 which produced a representative ratio of 81%. Meters and regulators are not installed on a one-to-one basis, as regulators are not required for every meter installation. Regulator requirements vary based on

system operating pressure, service configuration, and site-specific design considerations. The projected regulator units for each forecast years were calculated by multiplying this ratio by the projected number of meter set purchases yields the projected regulator units required for each forecast year, as described in Section IV.B.1. (Meters). *See* supplemental workpaper, Ex. SCG-04-CWP-S-004, for calculation details.

c. Cost Drivers

The cost drivers for Regulators relate to the purchase costs required to acquire a sufficient number of regulators for both projected new business installations and regulator replacements at existing MSAs, FSR, and Regulator Stations. Regulators for new business meter sets are installed for new customer premises installations, including residential, commercial, and industrial sites. Replacement regulators are installed in response to Company or customer identified remediation needs, including, condition, age, or obsolescence, as well as scheduled replacement based on regulator capacity, type, or performance characteristics.

3. Gas Energy Measurement System (GEMS) (BC280)

TABLE JW-32
Capital Expenditures - Gas Energy Measurement System (GEMS)

GAS DISTRIBUTION (In 2025 $)							
B. Measurement & Regulation Devices	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
3. Gas Energy Measurement System (GEMS)	760	1,042	1,041	1,041	1,041	1,041	1,041

a. Description

The forecasts for Gas Energy Measurement Systems (GEMS) cover the purchase of GEMS devices, associated materials, warehouse handling, technical evaluations, quality assurance, and costs associated with the initial installation of the GEMS devices. In accordance with CPUC's General Order 58-A[53] and SoCalGas's CPUC approved tariff Rule No. 14, 15, and

[53] GO 58-A, Standards for Gas Service in the State of California (December 16, 1992).

16,[54] SoCalGas uses GEMS instruments as electronic pressure and temperature correctors to compute and accumulate the corrected volume from the mechanical outputs of positive displacement and turbine gas meters to enable accurate accounting and billing. These units are necessary for larger, industrial customers that require non-standard delivery pressures and require compensation for the varying gas temperature effect on measurement. They also have the capability to apply gas volume corrections based on real-time temperature measurements, provide audit trails, and, in some models, support remote communication. These devices are configured to fit the requirements of each GEMS field site. Details regarding GEMS are found in my capital workpapers. *See* Ex. SCG-04-CWP (002800).

These devices also incorporate the appropriate pressure and temperature transducers and are configured to the required casing, size and mounting specification. The types of GEMS included in this category are Electronic Correctors, small GEMS, and large GEMS. SoCalGas purchases these devices to support new business installations and to provide for required instrument replacements. These forecasted capital expenditures support the Company's goals of providing accurate measurement and billing consistent to GO 58-A requirements for Gas Meter Accuracy, Periodic and Other Required Tests of Gas Meters, Calculation of Gas Volumes, and Meter Reading and Bill Forms, and with SoCalGas's CPUC approved tariff rules governing meter reading (Rule 14), meter tests (Rule 15), and adjustment of bills (Rule 16).

b. Forecast Method

The forecast method developed for GEMS is zero-based and uses BY 2025 as the baseline for the number of units installed and replaced. This methodology is most appropriate because the number of GEMS devices required is directly driven by meters installations associated with new business growth and by replacement needs for existing meters that require this device. In preparing the forecast for the new installations and replacement units, annual costs were developed using the 2025 average cost per unit for each device type, multiplied by the forecasted number of units. Forecasted installations and replacements are based on 2025 recorded installations and replacements activity. Accordingly, 2025 historical activity reflects

[54] SoCalGas Rule No. 14, Meter Reading, *available at:* https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=113; and SoCalGas Rule No. 16, Adjustment of Bills, *available at:* https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=115.

steady state operations, with no known changes in cost drivers or operational requirements to materially affect future costs and therefore provides a reasonable foundation for forecasting purposes. Recorded costs declined in 2025 relative to prior years, primarily due to the use of refurbished GEMS as a cost containment measure. During that year, certain existing GEMS devices were refurbished and redeployed rather than replaced with new units, resulting in lower expenditures. However, refurbishment is not always practical due to the age, material degradation, and declining reliability of older units. As GEMS component age, technological performance degrades, failure rates increase, reducing the effectiveness and reliability of refurbished units and making refurbishment less cost-effective over time. In addition, the availability of suitable parts needed for refurbishment is increasingly uncertain as devices age. As a result, refurbishment activities cannot be reliably forecasted for future years and are not included in this forecast. The projected installation and replacement volumes therefore reflect the need for new devices to maintain system reliability and operational performance. This approach is a primary driver of the increase in forecast units relative to historical levels. *See* supplemental workpaper, Ex. SCG-04-CWP-S-005, for calculation details.

c. Cost Drivers

The underlying cost drivers for GEMS relate to the volume of new and existing industrial customers that require higher-than-standard delivery gas pressure. Customers who operate under non-standard delivery conditions are required to use a GEMS volumetric corrector to account for pressure and temperature effects on gas measurement. GEMS devices are replaced through a combination of planned lifecycle replacement and condition-based actions. Units may be routinely replaced due to age, as routine maintenance or expected end-of-life, as well as in response to Company or customer identified conditions such as technical defects, operation problems, damage, obsolescence, or performance degradation.

4. Electronic Pressure Monitors (EPM) (BC181)

TABLE JW-33
Capital Expenditures – Electronic Pressure Monitors (EPM)

GAS DISTRIBUTION (In 2025 $)							
B. Measurement & Regulation Devices	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
4. Electronic Pressure Monitors (EPM)	332	703	702	702	702	702	702

a. Description

The forecasts for EPM are for the purchase of EPMs and associated labor costs for equipment configuration and initial installation. EPMs are used by SoCalGas to remotely monitor Distribution pipeline pressures in support of gas system capacity analysis and to provide early alerts to prevent over- or under-pressure events. The primary purposes of the EPM network are system safety, reliability, and compliance.

EPM devices continuously monitor operating gas pressures and generate alarms when field conditions deviate from established threshold, supporting public safety throughout the service territory. These devices meet federal requirements, including 49 CFR § 192.741, which governs telemetering or recording gauges at pressure limiting and regulating stations. EPM installations and replacements are necessary for regular reporting of distribution system pressures and timely response to pressure anomalies. Maintaining this equipment is essential to sustaining reliable operations and protecting public and employee safety. Details regarding the EPM are found in my capital workpapers. *See* Ex. SCG-04-CWP (001810).

i. Description of RAMP Mitigations

Within this cost category, there are Capital costs for risk control C135 (EPM Installations and Replacements) that were presented in the 2025 RAMP Report and are listed in the table below.[55]

C135 supports monitoring and recording system operating pressures and generating alarms when pressures exceed or drop below defined set points. EPMs monitor for maximum

[55] 2025 RAMP Report, Chapter SCG-Risk-3 Medium Pressure Gas System.

allowable operating pressure (MAOP) exceedance or under-pressure conditions as required by 49 CFR 192.741, 192.201(a), 192.739(a)(2) and GO 112-F, Section 122.2. Pressure alarms are evaluated and appropriate corrective actions, such as new installations and replacements, are implemented as needed. The pressure zones and pressure districts are monitored and reported in accordance with GO 112-F requirements for Over-MAOP and Under-Pressure events. EPM installations and replacements are therefore ongoing compliance-driven activities necessary to support continuous pressure monitoring, alarm functionality, and operational response across the distribution system.

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-34
RAMP and GRC Risk Control/Mitigation Activities – Capital

Measurement & Regulation Devices				
ID	**Control/Mitigation Name**	**2025 RAMP 2028-2031 In 2024 $ (000s)**	**2028 GRC 2028-2031 In 2025 $ (000s)**	**Change ($000s)**
C135	**EPM Installations & Replacements (HP)**	1,020	140	(880)
C135	**EPM Installations & Replacements (MP)**	1,632	2,668	1,036
	TOTAL	**2,652**	**2,808**	**156**

ii. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

EPM installations and replacements are a critical element of SoCalGas's RAMP strategy to maintain gas system reliability, enhance situational awareness, and reduce safety risk. Functional EPMs provide continuous or near real-time visibility into operating pressures at

selected locations, enabling early identification of abnormal pressure conditions, including regulator performance issues, over-pressure, and under-pressure events. Replacing aging or obsolete EPMs helps support reliable data transmission, accurate measurements, and alarm functionality, which supports proactive maintenance and reduces the likelihood of pressure-related outages or emergency events.

Timely replacement of EPMs also improves operational response times. By preserving remote monitoring and alarm capabilities, EPMs allow SoCalGas to detect pressure anomalies promptly and dispatch field resources based on verified system conditions rather than relying on lagging indicators such as customer calls or periodic manual inspections. Absent EPM replacement, pressure excursions may go undetected for longer periods, increasing response times, elevating the potential severity of events, and increasing operational and safety risk. Accordingly, EPM replacement mitigations reduce residual risk by supporting faster detection, targeted response, and informed operational decision-making, consistent with RAMP objectives.

b. Forecast Method

The forecast method developed for EPMs is zero-based. The historical EPM installation and replacement activity levels have remained relatively stable, making them a reasonable indicator of the volume of anticipated future activity. While the volume of EPM units installed and replaced has been relatively fixed, historical cost data does not reflect expected expenditures during the forecast period because they pre-date the new 2026 vendor contracts, under which SoCalGas will experience higher unit costs for EPM equipment. As a result, the forecasted annual unit count is derived from a five-year historical average of new and replacement EPM installations, which represents the level of activity expected to continue in the forecast years, while unit costs are updated to reflect current contract pricing.

Forecasted EPM units were multiplied by the estimated cost per EPM, using a weighted average of vendor non-labor costs based on the new 2026 contract and the 2025 labor rate. This approach supports forecasted expenditure reflecting current and anticipated cost levels while maintaining a realistic projection of installation and replacement volumes. As part of this ongoing program, SoCalGas will continue to install new EPMs in zones where system pressure needs additional monitoring, supporting enhanced pressure visibility and compliance with applicable federal pipeline safety regulations. Based on this methodology, the forecast includes

approximately 163 new and replacement EPM installations per year. *See* supplemental workpaper, Ex. SCG-04-CWP-S-006, for calculation details.

c. Cost Drivers

The underlying cost drivers for EPMs is related to the projected volume of new installations and replacements which involve the need to mitigate operational risks related to pipeline integrity, system reliability, and public safety. Replacement units are required when existing EPMs are damaged or experience electronic component failures or other condition-based issues. New EPM installations are deployed in areas without existing pressure monitoring or in locations where additional monitoring is necessary to support adequate visibility into system operating pressures. As discussed, SoCalGas is anticipating higher costs under the latest vendor contracts, which increases the non-labor component of these activities. Together, both labor and non-labor costs drive the overall expenditure required to meet operational, safety, and regulatory requirements.

C. Remote Meter Reading (BC168)

TABLE JW-35
Capital Expenditures – Remote Meter Reading

GAS DISTRIBUTION (In 2025 $)							
C. Remote Meter Reading	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Remote Meter Reading	608	962	939	4,586	435	435	435

1. Description

The forecasts for Remote Meter Reading comprise AMO labor and non-labor capital expenses for DCU installations, as well as pole installations associated with the AMI. Details regarding Remote Meter Reading are found in my capital workpapers. *See* Ex. SCG-04-CWP (001680).

Currently, SoCalGas operates approximately 4,720 DCUs across its service territory providing AMI network coverage for more than six million meters. DCU installations involve a range of activities, including site acquisition, permitting through ministerial and coastal authorities for access to public rights-of-way, utility easements, construction of new poles or co-location facilities, and commissioning of DCU equipment. Expansion of the AMI network is

primarily driven by the deployment of the additional EPMs and, to a lesser extent, new customer growth. During the initial AMI deployment, SoCalGas also identified that certain multi-family dwellings with subterranean meter rooms require indoor DCUs which increases deployment requirements in specific locations.

The forecasted capital expenditures include the installation of new DCUs to support a reliable communications network for receiving data from EPMs at selected sites across the system. Reliable data receipt from these sensors is critical for monitoring real-time pressure conditions and identifying potential alarms at designated read points. DCUs have consistently demonstrated their ability to provide a robust and reliable network for receiving data from the AMI and have similarly proven effective in supporting EPM communications. The addition of new DCUs will expand system coverage, supporting continuous, critical data availability for new and selected sites and enhancing overall system reliability.

Forecasted capital expenditures also support AMI network growth and reliability as the customer base evolves. As new homes and communities are constructed, the DCU footprint required to collect and transmit meter reading data continues to expand in support of new meter installations. However, incremental DCU needs associated with this driver are expected to be limited, with an estimated one to two additional DCUs annually beginning in 2028.

Future network expansion will be driven primarily by EPM deployment and marginally by new customer growth. In 2028, there is an increase in forecasted expenditure due to the planned replacement of batteries for the 4,720 DCUs as the original installations reach the end of their approximately five-year lifecycle. These investments are necessary to support continued AMI reliability and network performance. Because DCUs serve as critical communication nodes supporting thousands of meter reads, SoCalGas cannot rely on a reactive approach to address failures. Proactive maintenance and timely replacement are necessary to maintain continuous data collection and communication functionality required for system operations.

The primary cost drivers for the Remote Meter Reading capital work category include AMI network reliability, system growth, and the need to maintain adequate communication capacity across the network. As the AMI network approaches maximum data and connectivity loads, additional meters or increased data traffic, such as that associated with expanded EPM deployments, can create network constraints. These constraints may affect data reliability,

connectivity, and accurate meter reads, with potential impacts to customer billing and system monitoring.

To mitigate these risks, SoCalGas installs DCUs, where needed, to expand capacity and enhance redundancy, and replaces existing equipment as it reaches the end of its life or exhibits degraded performance. This replacement cycle is required to keep all the DCUs operational and prevent temporary outages that could otherwise create localized network constraints or data gaps. Because AMI systems operate near full capacity, even short-term DCU outages caused by battery failure can increase the risk of connectivity disruptions and service degradation.

2. Forecast Method

The forecast for Remote Meter Reading was developed using a zero-based forecasting method. This approach is most appropriate because forecasted costs are driven by the anticipated number of DCU and pole installations rather than historical spending trends, given the reduction in new meters installations, which would otherwise suggest higher annual installation volumes than are currently expected. The volume of new DCUs is related to the forecasted new EPMs to be installed along with the reduced number of new meters that will be added to the system. In addition to new DCU installations, the forecast includes the planned 2028 replacement of approximately 4,720 DCU batteries corresponding with the end of their useful life. Because the battery replacement represents a discrete, one-time replacement on a five-year cycle, using a historical average, is not appropriate and a zero-based forecasting methodology is required. *See* supplemental workpaper, Ex. SCG-04-CWP-S-007, for calculation details.

3. Cost Drivers

The underlying cost drivers for this capital work category include Company labor, contractor services, third-party services, and material costs, such as DCUs, batteries, wiring, poles and related equipment. The DCU Battery Replacement effort represents a significant cost component, as it includes the procurement of replacement batteries, currently estimated at approximately $254 per unit, for the full DCU population. In addition to battery material costs, this activity requires field labor to access and replace batteries at DCU locations, engineering and construction support, project management oversight, and the use of specialized equipment needed to safely service pole-mounted and co-located facilities. All or a combination of these

construction and maintenance elements are required to support DCU facility installations, capacity expansion, and equipment replacement necessary to maintain the AMI network reliability.

D. Cathodic Protection Capital (BC173)

TABLE JW-36
Capital Expenditures – Cathodic Protection Capital

GAS DISTRIBUTION (In 2025 $)							
D. Cathodic Protection Capital	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Cathodic Protection Capital	24,243	24,312	24,308	27,062	29,818	31,349	31,349

1. Description

The forecasts for CP Capital include investments necessary to install, upgrade, and replace CP systems and associated equipment used to mitigate external corrosion on buried steel pipelines. Without appropriate corrosion control, buried steel pipelines naturally oxidize and deteriorate, increasing the likelihood of hazardous leaks, reducing pipeline service life and increasing emissions. CP is a critical corrosion mitigation method that complements coating and electrical isolation. By applying electrical current to the pipeline, CP maintains the steel in a cathodic (negatively charged) state relative to the surrounding soil, thereby reducing corrosion. Details regarding CP Capital are found in my capital workpapers. *See* Ex. SCG-04-CWP (001730). CP Capital projects include the following types of installation and replacements:

- Impressed current rectifier stations
- Deep well anode beds
- Magnesium and zinc (galvanic) anode systems
- CP instrumentation and monitoring equipment

SoCalGas utilizes both impressed current and galvanic anode systems to provide its steel pipelines, with both relying on a sacrificial anode as the core component. The main difference between a galvanic system and an impressed current system is that an impressed current system uses electrical devices called rectifiers to generate higher levels of direct current to the pipeline.

Different conditions (footage, type of soil, coating condition, etc.) dictate the use of each type of system to protect steel pipelines. SoCalGas employs magnesium and zinc anodes, rectifier stations, test stations, and electrical insulators to provide, maintain, and monitor protective current levels.

The number of anodes required and the expected lifespan of an anode bed depend on several factors, including pipeline length, coating condition, soil characteristics, and electrical interference. Because anode beds degrade over time, periodic installation and replacement are essential to maintaining effective corrosion control. These activities reduce the risk of corrosion-related leaks and enhance the overall safety, reliability, and longevity of the pipeline system.

Annual CP Capital requirements are influenced by several key factors, including:

- Infrastructure age
- Rate of anode depletion
- Soil moisture and composition and environmental conditions such as drought
- Electrical interference
- External Forces
- Pipe coating effectiveness

These forecasted capital expenditures support compliance with federal and state corrosion control regulations, including 49 CFR § 192, Subpart I, and GO 112-F.

a. Description of RAMP Mitigations

Within this cost category, there are capital costs for risk control C170 (CP Install/Replace Impressed Current Systems) that were presented in the 2025 RAMP Report and are listed in the table below.[56]

Corrosion is an inherent threat to buried steel pipelines, which naturally revert to iron oxide in the absence of anti-corrosion measures. Corrosion of pipelines increases the risk for leaks and may reduce the useful life of pipelines. In addition to the application of coating and electrical isolation, CP is a method for mitigating external corrosion on steel pipelines. The installation, operation, and maintenance of CP systems are compliance driven activities mandated by the CPUC (GO 112-F) and other regulatory agencies, including PHMSA/DOT (49

[56] 2025 RAMP Report, Chapter SCG-Risk-2 High Pressure Gas System; Chapter SCG-Risk-3 Medium Pressure Gas System.

CFR § 192, Subpart I), to support pipeline integrity and public safety. Impressed current systems utilize a rectifier to generate direct current, with sacrificial anodes serving as primary components of the system. The number of rectifiers and anodes needed to achieve the desired level of protection and the average life of the anode bed can vary based on pipeline length, coating effectiveness, soil conditions, and interference that may occur on the system. Impressed current CP system maintenance, installation, and replacement are all ongoing activities.

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-37
RAMP and GRC Risk Control/Mitigation Activities – Capital

Cathodic Protection Capital				
ID	**Control/Mitigation Name**	**2025 RAMP 2028-2031 In 2024 $ (000s)**	**2028 GRC 2028-2031 In 2025 $ (000s)**	**Change ($000s)**
C170	**CP Install/Replace Impressed Current Systems (HP)**	3840	5978	2,138
C170	**CP Install/Replace Impressed Current Systems (MP)**	44,164	113,600	69,436
	TOTAL	**48,004**	**119,578**	**71,574**

b. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

These mitigation activities directly support reliable gas service by reducing corrosion-related deterioration that can compromise pipeline performance and lead to service interruptions, pressure anomalies, or unplanned maintenance. Well-maintained impressed current CP systems help preserve pipeline integrity, allowing the distribution system to operate as designed and minimizing the risk of outages that could impact customer service. From a system safety perspective, corrosion mitigation reduces the likelihood of leaks or failures that may pose hazards to the public, employees, and surrounding property. As discussed above, these activities also support compliance with GO 112-F and PHMSA regulations under 49 CFR § 192.

In addition to impacts on leaks and pipeline longevity, ineffective corrosion control can result in increased financial costs for the Company, including higher O&M expenses, emergency repair costs, regulatory penalties, and potential customer impacts associated with service disruptions. The installation, replacement, and maintenance of impressed current systems reduce the likelihood of these costly outcomes by addressing corrosion risks early and maintaining

regulatory compliance. As a result, these capital investments contribute to long-term cost control while supporting safe and reliable gas service.

2. Forecast Method

The forecast method developed for CP Capital is zero-based. A historical average would not be appropriate for this work category because the volume and the scope of CP capital replacement activities has expanded over the years, with an active inventory of areas currently identified as out-of-tolerance. This inventory exists, in part, because the CP replacement work requires significant upfront planning, engineering, permitting, material procurement, and coordination with field construction activities, which extends the time between identification of a deficiency and completion of corrective action. The number of locations requiring replacement, as well as the volume of completed work have grown over time, thus, relying on a historical average-based forecast would not sufficiently address this inventory, nor accomplish the necessary work in a timely manner. Instead, the forecasted activity utilizes BY 2025 volumes, reflecting latest ongoing requirements to maintain effective corrosion protection across the system with a minimal forecasted increase in the number of impressed systems replacements to address aging assets near end of life and reduce the time out of tolerance.

Federal pipeline safety regulations (49 CFR §192.465) require operators to promptly remediate CP deficiencies once identified. Initiating and completing impressed current system replacements in a timely manner offsets extended periods of deficiency caused by permitting, electrical coordination, and construction delays. Impressed systems represent a critical component of the CP system and leakage prevention. Promptly addressing necessary replacements mitigates the risk of prolonged CP deficiencies, reduces the time pipelines operate without adequate CP, and supports long-term system integrity and reliability in alignment with federal safety requirements. Beginning in 2028, SoCalGas forecasts increased impressed current system replacements by approximately nine units, representing about 0.5% of the total impressed current systems population of approximately 1,800 units. This increase results in an estimated 46 replacements in 2028, with additional increases of approximately 0.5% in 2029 and 2030 to continue addressing risk in a controlled and responsive manner.

Forecasted costs were calculated by multiplying the projected unit counts for each CP activity by the applicable average unit cost. *See* supplemental workpaper, Ex. SCG-04-CWP-S-008, for calculation details.

3. Cost Drivers

The primary cost drivers for CP Capital are regulatory compliance with DOT regulation 49 CFR § 192, Subpart I, and GO 112-F, and the need to maintain pipeline integrity, system reliability, and public safety. SoCalGas currently protects approximately 27,272 miles of steel main and services. Expenditures in this work category support the installation and replacement, of major CP components, including both sacrificial anode and impressed current systems, necessary to maintain adequate protection across the system. A key driver of forecasted costs is the replacement of impressed current systems, which are critical to delivering sufficient protective current over large pipeline segments and mitigating the risk of system degradation and eventually leakage.

Specific cost drivers include:

- Age of CP components, as other equipment becomes less effective and requires replacement
- Anode depletion rates, influenced by soil conditions, electrical interference, customer actions, and coating condition
- Conversion of galvanic anode systems to impressed current systems, which provide greater current delivery and improved protection
- Increased magnesium and material costs, which have had significant price increases in recent years
- External forces and weather, vehicular damage, and damage from third-party construction, which may require replacements or relocations
- Municipality project conflicts, CP system replacement or relocation caused by street reconstruction, sewer and water line replacements, etc.

Costs include Company labor, contractor services, permits, electrical connection fees, third-party services, paving, and materials.

E. Main Replacement (BC252)

TABLE JW-38
Capital Expenditures – Main Replacements

GAS DISTRIBUTION (In 2025 $)							
E. Main Replacement	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Main Replacement	26,449	27,841	28,234	37,163	37,164	37,163	37,163

1. Description

The forecasts for Main Replacement support the main replacement activities that are essential to maintaining the long-term safety, reliability, and integrity of this extensive system. SoCalGas's distribution pipeline system consists of approximately 52,479 miles of steel and plastic mains that provide natural gas service to more than six million customers. Activities in the Main Replacement work category include:

- The installation of new mains to replace existing mains;
- Replacement of service line associated with main replacements projects;
- Existing service line "tie-overs" to newly installed replacement main;
- Meter set rebuilds associated with the newly installed replacement main; and
- Main replacements completed in advance of public infrastructure improvement projects (*e.g.*, street reconstruction and utility upgrades).

Main Replacement reflects SoCalGas's capital investments to replace sections of the gas distribution main system that are no longer adequate for reliability or for safely providing service. These projects involve the physical removal and replacement of existing gas mains due to factors such as material condition, leakage history, age, obsolescence, operational limitations, or system capacity considerations.

Main replacement work is planned and executed in accordance with SoCalGas engineering standards and prioritization practices to maintain system reliability, reduce leak recurrence, and support continued safe operation of the gas distribution system. Certain pipe materials, including legacy plastic pipe, such as Aldyl-A, present specific integrity risks that limit the effectiveness of leak repair as a long-term mitigation strategy. As a result, when leaks or abnormal conditions are identified on these segments, full replacement is often the appropriate

corrective action to address the underlying material condition rather than performing repeated repairs that may not resolve systemic risk. Industry experience has demonstrated the reliance on repair-only approaches for these pipe types can lead to continued leak recurrence and elevated safety risk, supporting replacement as the prudent integrity management response. Accordingly, SoCalGas prioritizes main replacement for these higher-risk materials as part of its broader system integrity strategy.

In addition, this cost category records expenditures for Gas Distribution system capacity projects, also referred to as pressure betterments. These projects have historically been forecasted as a separate category. SoCalGas now incorporates this work within the Main Replacement workpaper because it is driven by the same reliability-based risk factors that govern main replacement decisions. System capacity projects are necessary to maintain reliable service to new and existing customers as new gas loads are added to the gas distribution system. Typically, once a pipeline system is designed and installed, system capacity remains relatively fixed when customer load does not change. Although system capacity is evaluated when new loads are connected, the natural gas distribution system operates under dynamic conditions that evolve over time. As customer demands increase on a section of pipe, the system may experience a pressure drop in these parts of the system over time, ultimately reducing the volume of gas available to serve both new and existing loads. In these circumstances, replacement with a larger diameter pipe is necessary to prevent this detrimental pressure drop. If declining pressure conditions are not addressed, gas service to customers may be degraded or interrupted, which can create safety and reliability concerns in a gas distribution system.

System capacity projects are initiated to address chronic or emerging low-pressure conditions identified through EPM low-pressure alarms, historical pressure data, and engineering analyses indicating insufficient pressure margins to reliably serve all customers within the pressure system. These conditions are particularly critical during cold weather and peak demand periods, when increased gas usage can exacerbate pressure constraints and heighten the risk of customer outages, service interruptions, and insufficient gas supply to customer equipment, potentially leading to appliance malfunction, flame instability, or flame outages. Such conditions may lead to the potential for unburned gas accumulation if appliances fail to operate as intended. In addition, sustained low pressure can compromise the system's ability to maintain adequate margin for operational control, emergency response, and abnormal operating

conditions. Addressing low pressure areas is therefore necessary to maintain reliable service, support safe appliance operation, and preserve the overall integrity of the distribution system to uphold the Company's obligation to serve.

Pipeline segments requiring replacement are identified through multiple sources, including O&M activities, corrosion control inspections, leak surveys, municipal coordination (*e.g.,* planned street work), and field observations. Technical staff evaluate these inputs to prioritize main replacement needs across the distribution system.

a. Change to Capitalization Policy for Gas Distribution Pipe

SoCalGas is proposing a change to its capitalization threshold for gas distribution pipe replacement from 40 feet to one foot. The current policy states:

> Replacement of distribution mains 40 feet or greater in length using the same size and kind of pipe, or 10 feet or greater using a different size or kind of pipe, are to be capitalized.

The existing footage-based capitalization thresholds are fundamentally rooted in historical estimates of the total cost at the time these thresholds were established over 30 years ago. However, the estimated total cost of main replacement has increased over the years due to inflation, labor cost, material price, and enhanced construction requirements, and thus, the current footage thresholds no longer represent the same economic intent. Additionally, SoCalGas's existing capitalization threshold is inconsistent with other utilities per a 2021 Capitalization Survey conducted by the American Gas Association.

This proposal does not increase spending and investment decisions remain driven by safety, compliance, and risk. It corrects an outdated 40-foot threshold so that replaced long-lived infrastructure is treated consistently as a capital asset and is consistent with Generally Accepted Accounting Principles (GAAP). This aligns cost recovery with the asset's useful life by allocating costs over the period in which customers receive benefits, rather than disproportionately burdening current customers.

This change is intended to provide clarity, promote consistency across projects, align capitalization practices with operational needs, industry standards, and current cost realities. In addition, this change will align SoCalGas's distribution pipe replacement with SoCalGas's threshold for gas transmission pipe replacement of one foot. Accordingly, SoCalGas

is proposing to revise the threshold for replaced gas distribution pipe to one foot with the TY 2028 GRC. *See* Ex. SCG-04-CWP (002520).

b. Description of RAMP Mitigations

Within this cost category, there are capital costs for risk control C177 (Main Replacements – Leakage Abnormal Operating Conditions CP Related) that were presented in the 2025 RAMP Report and are listed in the table below.[57] These mitigation activities are compliance-driven and are required to address abnormal operating conditions in accordance with PHMSA/DOT Regulation 49 CFR § 192, Subpart L, §192.613(a), which mandates corrective action, including pipeline replacement when necessary to support safe operation.

Activities under Main Replacements include the installation of new mains to replace existing ones; main replacements performed in advance of public infrastructure projects; and associated service line replacements, existing service line tie-overs, and meter set rebuilds connected to newly installed replacement mains.

Leakage is often the driving factor for pipeline replacements. However, other criteria taken into consideration include whether the steel pipe meets CP mandates, the main is found to have active corrosion, or whether the pipeline may be deemed unsafe or unfit for service under pressure due to manufacturing or other defects. These replacements are critical to sustain operational reliability and public safety.

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

[57] 2025 RAMP Report, Chapter SCG-Risk-2 High Pressure Gas System; Chapter SCG-Risk-3 Medium Pressure Gas System.

TABLE JW-39
RAMP and GRC Risk Control/Mitigation Activities – Capital

Main Replacement				
ID	**Control/Mitigation Name**	**2025 RAMP 2028-2031 In 2024 $ (000s)**	**2028 GRC 2028-2031 In 2025 $ (000s)**	**Change ($000s)**
C177	**Main Replacements – Leakage Abnormal Op. Conditions CP Related (HP)**	21,572	22,809	1,237
C177	**Main Replacements – Leakage Abnormal Op. Conditions CP Related (MP)**	99,344	119,752	20,408
	TOTAL	**120,916**	**142,561**	**21,645**

c. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

As described above in Section IV.E.1. (Description), by replacing these at-risk pipeline segments, SoCalGas reduces not only the identified abnormal operating condition, but also the likelihood of future leak recurrence, unplanned service interruptions, and emergency response activities. These replacements support system reliability by stabilizing operating pressures and improving infrastructure conditions, while also reducing safety risks to the public, employees, and surrounding communities. C177 therefore serves as a core component of the Company's pipeline integrity and corrosion management strategy, translating identified risk conditions into targeted capital actions that address both regulatory compliance obligations (PHMSA/DOT Regulation 49 CFR Part 192, Subpart L, §192.613(a)) and long-term system performance.

2. Forecast Method

The forecast method for Main Replacement is based on BY 2025 with incremental adjustments, reflecting continuation of existing work activities with targeted additions for incremental compliance-driven requirements. This method is most appropriate because SoCalGas does not anticipate material changes in the fundamental cost drivers or operational requirements during the forecast period compared to the base year. As such, the forecast assumes that condition-based main replacement, coordinated municipal work, corrosion-related activity, and system capacity projects will continue at levels consistent with observed 2025 operations.

Consistent with the CPUC's direction in the SB 1371 proceeding, this forecast incorporates SB 1371 compliance and implementation costs, specifically those associated with non-hazardous leak repair, within the Main Replacement work category rather than seeking separate cost recovery. Specifically, the Commission directed SoCalGas to include these costs in its GRC forecasts as part of that proceeding.[58] The base year methodology includes incremental expenditures associated with non-hazardous leak repair, where enhanced leak detection and leak repair requirements identify main segments that warrant full replacement to reduce methane emissions. These leak repair related adjustments reflected in the forecast are forward-looking capital and operations expenditures embedded in the base-year spending level, representing anticipated compliance obligations to address system integrity and reduce methane emissions, consistent with state policy objectives and regulatory mandates. By applying the base year approach that includes the non-hazardous leak repair driven adjustments, SoCalGas's forecast remains reasonable, consistent with observed operational needs, and aligned with statutory compliance obligations while mitigating the risk of underfunding critical safety and environmental efforts.

3. Cost Drivers

The primary cost drivers behind Main Replacement relate to maintaining and improving the integrity, safety, and reliability of the distribution pipeline system. Older pipelines and those lacking effective CP tend to exhibit higher leakage rates, including non-hazardous leaks, making

[58] Decision (D.) 17-06-015 at 162 (Ordering Paragraph (OP) 12) (Decision Adopting a Natural Gas Leak Abatement Program Consistent with Senate Bill 1371 issued June 15, 2017).

them strong candidates for replacement. While non-hazardous leaks may not require immediate emergency response, recurring leak repair activities increase O&M costs and indicate underlying asset degradation that supports proactive main replacement.

Additional cost drivers include compliance with corrosion control requirements; deterioration of pipe material, pipe wrap, or coating; active corrosion identified during inspections; pipelines deemed unfit for service due to manufacturing or other defects; original construction methods; and location specific factors such as soil conditions or environmental exposure. This work supports the Company's commitment to mitigate risks to public safety, system reliability, and infrastructure integrity.

Main replacement capital forecasts are also influenced by SoCalGas's proposed revision to its capitalization policy for gas distribution main replacements, as described in Section IV.E.1. (Description). While the revised threshold does not change the scope or volume of construction work performed, it impacts the accounting treatment and classification of replacement activities, contributing to forecasted capital expenditures within this work category.

In addition, the underlying cost drivers for this capital work category relate to Company labor, contractor services, third-party services, paving services, and materials costs. All or a combination of these construction elements are necessary for performing pipeline installations for main replacement work.

F. Service Replacement (BC256)

TABLE JW-40
Capital Expenditures – Service Replacement

GAS DISTRIBUTION (In 2025 $)							
F. Service Replacement	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Service Replacement (CO)	8,026	3,351	3,363	3,617	3,617	3,617	3,617
2. Service Replacement (NC)	38,340	60,847	61,067	65,680	65,681	65,681	65,680
Total	**46,366**	**64,198**	**64,430**	**69,297**	**69,298**	**69,298**	**69,297**

1. Description

The forecasts for Service Replacement include expenditures for the routine replacement of isolated distribution service pipelines to maintain system reliability and safely deliver gas to customers, thereby mitigating the risks of service loss and public safety concerns. Details of Service Replacement are found in my capital workpapers. *See* Ex. SCG-04-CWP (002560).

Complementary to SoCalGas's main replacement activities are capital improvements associated with service replacements. Service replacement costs that are completed as part of the main pipeline projects are captured in the Main Replacements budget category.

SoCalGas has approximately 51,284 miles of service pipe. This figure includes approximately 17,816 miles of steel and 33,468 miles of plastic service lines. Approximately 48% of steel services are protected by CP. Most service replacement projects are driven by leakage and pipe corrosion. Further, among the leaks found in steel services, a considerable number occurs on pipes that are not under CP. To correct these leaks, it is sometimes more prudent to replace the entire service rather than repair the leak and install and maintain CP on the existing service.

Replacement activities are also initiated based on real-time field findings, including leaks, corrosion conditions, or other abnormal operating conditions. These actions directly support SoCalGas's obligations under PHMSA/DOT Regulation 49 CFR Part 192, Subpart L, §192.613(a), which requires the ongoing surveillance of pipeline facilities and the timely identification and remediation of unsafe conditions.

At the end of 2025, SoCalGas had approximately 777,800 service lines without CP. On a per-mile basis, steel services without CP have experienced leaks at a rate three to four times higher than steel services that are cathodically-protected. This disparity demonstrates a strong correlation between lack of CP and leak occurrence, reinforcing the reliability and safety concerns associated with these assets. In addition, SoCalGas has approximately 18,900 service lines installed before 1940. These older lines were constructed using outdated materials and standards, further increasing the likelihood of deterioration and leaks. Although these service line categories are not the only pipelines that undergo replacements, they underscore the need to continue focusing on service replacements.

In addition to service replacements required by identified abnormal operating conditions, SoCalGas also performs replacements driven by customer requests. Consistent with SoCalGas's

CPUC-approved tariffs, customers are responsible for applicable charges associated with the requested work. Under GO 112-F, which adopts and supplements the federal gas pipeline safety regulations in 49 CFR § 192, gas operators are required to maintain distribution facilities, meet minimum safety standards for design, construction, operation, and maintenance.

When customers request an alteration to the existing service due to personal construction activities, such as remodeling, SoCalGas evaluates the age and the material of the existing service line consistent with its obligations under 49 CFR §192, Subparts H and I, including requirements related to service line integrity and corrosion control for pipelines. If an existing service is determined to be non–state-of-the-art—such as steel pipe without CP that does not comply with current corrosion control requirements under 49 CFR §§192.451–192.463, or Aldyl-A polyethylene pipe installed prior to 1986 identified by the CPUC, consistent with PHMSA guidance, as a higher-risk legacy material—SoCalGas replaces the entire service to enhance public safety and mitigate the risk of leakage. This is both prudent and efficient as SoCalGas is optimizing the most work for the least cost and reducing the opportunity for hazardous conditions to occur. The costs associated with service alteration initiated by customer requests are recoverable consistent with SoCalGas's CPUC-approved tariffs (Rule No. 21), with customers responsible for applicable charges related to the requested work. *See* supplemental workpaper Ex. SCG-04-CWP-S-009 for collectible cost details related to service replacements.

The Service Replacement activity is a mitigation measure intended to address a safety risk identified in the 2025 RAMP Report and discussed in the section below. This forecast supports the Company's commitment to mitigating risks to public safety, system reliability, and infrastructure integrity.

a. Description of RAMP Mitigations

Within this cost category, there are capital costs for risk control C174 (Service Replacements – Leakage Abnormal Operating Conditions CP Related) that were presented in the 2025 RAMP Report and are listed in the table below.[59] Service replacements are conducted for various reasons, including the occurrence of large leaks or a disproportionate frequency of past leaks. Steel services are replaced when active corrosion is detected or when a leak is found on a

[59] 2025 RAMP Report, Chapter SCG-Risk-2 High Pressure Gas System; Chapter SCG-Risk-3 Medium Pressure Gas System.

non-cathodically protected steel service. During maintenance activities, it is possible to encounter services containing obsolete materials such as cellulose acetate butyrate (CAB) or polyvinyl chloride, which prompts the service to be replaced. Replacement activities under C174 are typically initiated in response to real-time field findings, including leaks, corrosion conditions, or other abnormal operating conditions. These actions directly support SoCalGas's obligations under PHMSA/DOT Regulation 49 CFR § 192, Subpart L, §192.613(a), which requires operators to conduct continuing surveillance of pipeline facilities and to promptly identify, evaluate, and correct unsafe operating conditions. When surveillance or field observations reveal abnormal conditions, such as leaks, loss of CP effectiveness, or material degradation, service replacement is a corrective measure used to restore safe operating conditions and mitigate risk to public safety.

Whereas pipeline replacements performed under the DIMP through C182 (Distribution Risk Evaluation & Monitoring System) are informed by a quantitative risk model and are prioritized based on likelihood and consequence of failure, replacement activities under C174 are executed in response to real-time field findings related to leaks and abnormal operating conditions. Replacement activities under C174 are both prudent and cost-effective for customers, as they limit the need for future mitigations and reduce the frequency with which construction crews must be mobilized to perform service repairs. Planned work is also more cost effective than unplanned work where a crew may need to be dispatched on an emergency basis, often requiring after-hours labor, expedited material procurement, increased restoration costs, and greater operational inefficiencies, resulting in higher costs for customers.

Service replacements in this category are specific to the replacement of existing service lines to maintain system reliability and to safely deliver gas to the customer, thus mitigating the risks associated with loss of service and public safety. Services replacements are performed using two primary construction methods, insertion and direct bury. SoCalGas prioritizes the insertion method whenever feasible, as it is generally the least costly and least disruptive approach. Under this method, a new plastic replacement service pipe is inserted into the to-be abandoned steel service pipe such that the steel service becomes casing for the plastic pipe. Insertion is not always feasible due to factors such as condition, construction characteristics, or diameter of the existing service pipe; the required size of the replacement service; alignment limitations; or site-specific constraints. In such circumstances, the service is replaced using a

direct bury installation, which does not require casing and may be constructed using either open trench or trenchless method, such as boring. The selection of the installation method is determined based on engineering requirements, constructability, and field conditions. Service replacements performed using either method are an important part of operational reliability and public safety

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-41
RAMP and GRC Risk Control/Mitigation Activities – Capital

Service Replacement				
ID	**Control/Mitigation Name**	**2025 RAMP 2028-2031 In 2024 $ (000s)**	**2028 GRC 2028-2031 In 2025 $ (000s)**	**Change ($000s)**
C174	**Service Replacements – Leakage Abnormal Op. Conditions CP Related (HP)**	2,432	13,172	10,740
C174	**Service Replacements – Leakage Abnormal Op. Conditions CP Related (MP)**	182,928	250,238	67,310
	TOTAL	**185,360**	**263,410**	**78,050**

b. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

Mitigations under C174 are selected and prioritized through SoCalGas's established field-driven corrective action process, which evaluates safety risk, compliance obligation, constructability, customer impact, system constraints, and cost effectiveness. Replacement

decisions are initiated based on real-time operating data and field conditions, including leak severity, corrosion activity, loss of CP effectiveness, material type, and service condition, with priority given to conditions that present an immediate and escalating risk to public safety or system reliability. While overall program cost effectiveness is considered, this evaluation is distinct from the benefit-cost ratio (BCR) framework and instead focuses on whether the mitigation represents the most prudent and efficient corrective action to address the identified abnormal operating condition. Alternatives that would result in excessive operational disruption, repeated short-term repairs, or disproportionate costs relative to risk reduction are not pursued. From the customer perspective, these investments are worthwhile because they reduce the likelihood of recurring leaks, emergency response activities, and service interruptions, thereby minimizing long-term costs, construction impacts, and safety risks. Service replacements under C174 also prevent the accumulation of future risk by eliminating legacy materials, arresting active corrosion, and restoring system integrity, which reduces the probability of future abnormal operating conditions requiring additional interventions.

2. Forecast Method

The forecast method developed for Service Replacements is a five-year average. This method is most appropriate because it enables SoCalGas to capture historical spending under various conditions that drive year-to-year fluctuations in both labor and non-labor expenditures associated with this work category. These conditions include variability in leak occurrence and severity, CP performance, discovery of higher-risk or obsolete materials during field activities, permitting and restoration requirements, customer coordination and access constraints, emergency or unplanned work, and resource availability. In addition, including costs related to SB 1371 in this forecast for this work category is consistent with the CPUC's direction in the SB 1371 proceeding (D.17-06-015). In that proceeding, the Commission instructed SoCalGas to incorporate SB 1371 compliance and implementation costs into its GRC forecasts, rather than seeking separate cost recovery.[60]

SoCalGas forecasts continuing service replacements at the five-year (2021-2025) historical average to mitigate potential risks associated with pipeline integrity, system reliability, and public safety. SoCalGas replaced an average of 4,454 service lines per year under this work

[60] D.17-06-015 at 162 (OP 12).

category from 2021 through 2025. The timing of individual projects is determined by several factors, including the need to review operating conditions, detailed planning requirements, obtaining required permits, and coordinating and scheduling resources. Consideration is also given to customer needs, as a service replacement will often require a temporary shut-off of gas service, which could have a negative impact on certain customers if service is interrupted. Equally important, it is sometimes necessary to excavate private property to install the new service line; thus, permission must be secured from the landowner before work commences.

3. Cost Drivers

The underlying cost drivers for Service Replacement relate to leakage and pipe corrosion that can impact the integrity of the pipeline system; compliance with CP requirements; the deterioration of pipe material, pipe wrap, or coating; if the service pipe is found to have active corrosion; and if the pipeline is deemed unfit for service due to manufacturing or other defects. This work supports the Company's commitment to mitigating risks to public safety, system reliability, and infrastructure integrity.

The underlying cost drivers for this capital work category also include Company labor, contractor services, third-party services, paving services, and materials such as pipes and fittings. All or a combination of these construction elements are necessary for performing pipeline installations for service line replacement work.

G. Main & Service Abandonments (BC254)

TABLE JW-42
Capital Expenditures – Main & Service Abandonments

GAS DISTRIBUTION (In 2025 $)							
G. Main & Service Abandonments	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Main & Service Abandonments	11,880	14,576	14,560	14,557	14,557	14,557	14,557

1. Description

The forecasts for Main and Service Abandonment include expenditures associated with the abandonment of distribution pipeline mains and services, without the installation of a

replacement pipeline. Details of Main and Service Abandonment are found in my capital workpapers. *See* SCG-04-CWP (002540).

Abandonment of mains and services typically occurs when the pipeline is no longer required for current system operations and is not expected to be needed in the future. The activities contained in Main and Service Abandonments are necessary to eliminate the risk posed by unused or idle infrastructure that otherwise may be susceptible to third-party damage or environmental deterioration, while also eliminating ongoing maintenance obligations. Main abandonments are typically driven by requests from a city and/or the state to vacate and demolish public property, at which point there is no opportunity for replacement. In addition, abandonment may occur at the request of property owners, such as when private property is redeveloped, demolished, or permanently disconnected from the natural gas system.

Service lines are deactivated upon cancellation of gas service due to building demolition or upon termination of temporary service. When a service line becomes inactive, SoCalGas evaluates whether it should be left in place or abandoned. If a service line is not abandoned, the Company continues to re-evaluate the line as part of its required maintenance inspection cycles, at least every five years to verify that it remains in a safe condition, consistent with Company policies and applicable standards. A service line is left in place when it appears the service may be used again without alteration.

Service lines are normally abandoned when:

- There is a likelihood of leakage or damage;
- The last or only structure on the property has been, or will be, removed or demolished, and the service will not serve a new structure;
- A service branch extends into private property served by another service, and it does not appear that it will be reused;
- The source of supply is being replaced, relocated, or abandoned, and no immediate reuse is foreseen; or
- The service is abandoned at the request of the property owner, such as when gas service is no longer desired and no future use is anticipated.

These forecasted capital expenditures support the removal of unnecessary infrastructure and help mitigate risks to public safety and infrastructure integrity. By permanently eliminating mains and services that no longer provide operational or customer benefit, SoCalGas reduces

exposure to potential hazards, avoids unnecessary maintenance costs, and supports the Company's commitment to maintaining a safe, reliable, and affordable pipeline system.

2. Forecast Method

The forecast method developed for Main and Service Abandonments is a five-year average. This method is most appropriate given the unscheduled and unpredictable nature of this work. This forecast approach enables SoCalGas to capture historical spending under various conditions that reflect fluctuations in expenditures for this work category. The level of spending in this routine abandonment category is highly dependent on the demand for demolition and grading on private and public property. Further, the timing of individual projects is determined by several factors, including the need to review operating conditions, detailed planning requirements, obtaining required permits, and coordinating and scheduling resources.

3. Cost Drivers

The cost drivers for Main and Service Abandonments include requests from city and/or state entities to vacate and demolish public property, where replacement is not feasible, as well as customer requests to discontinue gas service due to building demolition or the termination of temporary service. SoCalGas has observed that the level of work completed by public and private parties is often driven by economic conditions.

The underlying cost drivers for this capital work category also include Company labor, contractor services, third-party services, paving services, and materials such as pipe and fittings. All or a combination of these construction elements are necessary for performing pipeline retirements for mains and services.

H. Pipeline Relocation (BC261)

TABLE JW-43
Capital Expenditures – Pipeline Relocation

GAS DISTRIBUTION (In 2025 $)							
H. Pipeline Relocation	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Pipeline Relocation (CO)	7,753	297	297	297	297	297	297
2. Pipeline Relocation (NC)	14,495	29,977	29,965	29,962	29,963	29,962	29,962
Total	**22,248**	**30,274**	**30,262**	**30,259**	**30,260**	**30,259**	**30,259**

1. Description

The forecasts for Pipeline Relocations encompass capital expenditures required to relocate or alter gas facilities in accordance with SoCalGas's agreements with governing agencies, including California Department of Transportation (CalTrans), cities, and counties. These projects are initiated by external agencies when existing gas infrastructure conflicts with planned construction or reconstruction activities, such as roads, railway systems, or freeway improvements. Pipeline relocation work typically consists of freeway- and franchise-related activities to promote compliance with agency requirements and maintain system integrity. These forecasted capital expenditures support the Company's requirement to comply with the provisions of its freeway and franchise agreements. Details of Pipeline Relocations are found in my capital workpapers. *See* Ex. SCG-04-CWP (002610).

Freeway relocation work is driven by requests from governing agencies, such as CalTrans. These agencies submit requests for SoCalGas to relocate its pipes and related facilities, as maintaining them in their current location would interfere with the planned construction or reconstruction of freeways. Examples include altering pipeline crossing over and under a freeway bridge span, relocating a facility within the agency's right-of-way, or adjusting facilities in the vicinity of freeway projects. Freeway relocation projects encompass a range of distribution pipeline work, including supply line alterations, service alterations, and MSA modifications. The exact timing and number of freeway pipeline projects are driven by the schedules and decisions of outside agencies. Therefore, expenditures in this category depend on the number, extent, and timing of these requests, which are largely outside of SoCalGas's control. However, when projects do occur, SoCalGas must promptly complete its portion of the work to minimize schedule delays for the agency.

Similarly, franchise relocation work is driven by external agencies, such as cities, counties, or the state. These agencies submit requests for SoCalGas to relocate the pipe, which would interfere with the construction or reconstruction of roads or railway systems if maintained in the current location. The work in this category includes expenditures associated with relocating or altering SoCalGas's facilities in response to these external requests, as specified under the provisions of SoCalGas's franchise agreements with city and county agencies. Examples of municipal work that drive SoCalGas franchise pipe relocations include street widening, resurfacing, and repairs, as well as storm drain work and municipal water and sewer

projects. As with freeway projects, SoCalGas has a limited ability to predict the timing or frequency of these requests. However, once project requests are received, SoCalGas must promptly complete its portion of the work to minimize schedule delays for the municipality or agency.

Although the timing of these projects is outside of SoCalGas's control, the Company makes every effort to coordinate early and collaboratively with CalTrans, cities, and counties to reduce project costs where possible. This includes reviewing proposed project designs, seeking opportunities to minimize pipeline relocation length or complexity, considering abandoning sections where it does not compromise the system, identifying potential alignment alternatives, coordinating trench sharing where feasible, and aligning schedules to reduce mobilization and restoration costs. These efforts enable relocation work to be executed efficiently while complying with all legal and contractual obligations.

Pipeline Relocation activities are further influenced by recent case law, which has limited the Company's ability to recover certain franchise-related relocation costs. In previous GRCs, SoCalGas's forecast included a portion of collectible costs, meaning costs that SoCalGas expected to collect from third parties (*i.e.*, not collected from ratepayers). For example, in some situations, SoCalGas understood that a local governmental entity (*e.g.*, a city (third-party)) would be responsible for certain costs associated with relocating utility infrastructure as part of a development project, and SoCalGas's forecast was based on this understanding.[61] Recent case law, however, has established that the Company can no longer recover costs associated with certain franchise-related projects, thereby reducing the number of projects deemed collectible from the customer.[62] As a result, fewer projects may qualify as collectible from requesting agencies, leading to a greater share of some relocation expenditures being borne by the utility. Accordingly, the capital expenditures reflected in Table JW-43 include both costs that are recoverable from third parties when applicable and costs that SoCalGas expects to incur and fund directly when recovery is not permitted. These forecasted capital expenditures support SoCalGas's obligation to comply with its freeway and franchise agreements, maintain safe and

[61] *See, e.g.*, TY 2024 GRC Gas Distribution (Ex. SCG-04-R-E).

[62] *See, e.g.*, *Riverside Cnty. Transp. Comm'n v. Southern California Gas Company*, 54 Cal.App.5th 823 9 (2020).

reliable operations, and enable government agencies to complete public infrastructure projects without delay. *See* supplemental workpaper, Ex. SCG-04-CWP-S-010, for collectible cost details.

2. Forecast Method

The forecast method developed for Pipeline Relocation is a five-year historical average. This method is most appropriate because it best represents future requirements by capturing normal cost fluctuations and accounting for special projects. Pipeline relocation work is primarily driven by funding availability for municipalities and transportation agencies, primarily CalTrans. Long-term forecasting remains challenging due to budgetary variability, multiple jurisdictions, and limited visibility into specific future projects. Additionally, recent changes in case law prevent the Company from recovering costs for most franchise-related work. Therefore, the forecast was adjusted to reflect that the bulk of this work will now be recorded as non-collectible. Overall, a five-year average provides a reasonable basis for estimating expenditures, as it reflects historical trends and accommodates the inherent uncertainty associated with externally driven work.

3. Cost Drivers

The cost drivers for Pipeline Relocation relate to the volume and complexity of agency requests, which often change in response to external construction schedules. Examples include street widening, resurfacing, and repairs, as well as storm drain work and municipal water and sewer work. Additional drivers include population growth, which increases demand for road and utility improvements, and aging municipal infrastructure, which requires replacement and generates relocation requests.

The underlying cost drivers for this capital work category also relate to Company labor, contractor services, third-party services, paving services, and materials such as pipe and fittings. All or a combination of these construction elements are necessary for performing pipeline relocation projects for mains, services, and associated facilities.

I. Meter Protection (BC264)

TABLE JW-44
Capital Expenditures - Meter Protection

GAS DISTRIBUTION (In 2025 $)							
I. Meter Protection	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Meter Protection	2,507	3,016	9,040	21,062	21,063	21,062	21,062

1. Description

The forecasts for Meter Protection support new installations of meter protection devices and barriers to mitigate damage in case of a potential collision or impact from outside forces. Details of Meter Protection are found in my capital workpapers. *See* SCG-04-CWP (002640).

Meter Protections are routinely installed at existing customer locations to protect MSAs from vehicular traffic, in accordance with GO 112-F and 49 CFR § 192.353(a). Meter protections are installed at targeted sites where the MSA's location or configuration creates exposures to vehicles, construction equipment, or other impact risks. Importantly, meter protection often must be added after the initial MSA installation, as changes in site use, such as converting landscaped areas into parking, modifying driveways, or altering vehicle circulation, can introduce new traffic patterns that place MSAs at greater risk. In these cases, meter protection installations support continued compliance and reduce the likelihood of impact damage. Installing meter protections creates a more secure environment at the MSA location, thereby increasing public safety and extending the longevity and performance of the MSA equipment. SoCalGas has specific engineered standard designs to protect its MSAs, which are a light duty meter guard designed to protect MSAs at single residential properties; a medium duty meter guard designed to protect MSAs at multi-residential, light commercial, and light industrial properties; a heavy-duty meter guard designed to protect MSAs exposed to heavy commercial and industrial traffic, where poor soil conditions exist, or involve other situations requiring additional protection. Further, increased building density creates additional conflicts with vehicular traffic impeding on MSA locations. To maximize saleable square footage, current trends in architecture have resulted in less room for MSAs, increasing the demand forecast for meter guards to protect these less-amenable MSA locations. Meter guards serve as a first line of

defense against vehicular impact in a service territory where, in many areas, parking is a premium and space for MSA installations is limited.

Additionally, included in this cost category are costs associated with the installation of snow shelters. In early 2023, Southern California experienced an unprecedented and historic weather event that resulted in record-breaking snowfall in the San Bernardino County Mountains. In response, Governor Gavin Newsom declared a state of emergency across several areas within SoCalGas's service territory. This weather event caused extensive damage to roads, highways, and critical utility infrastructure, such as MSAs. In response, SoCalGas is introducing a snow shelter initiative targeting communities in higher elevations in the San Bernardino County Mountains area. This initiative involves installing a protective, house-like structure over the MSA to shield it from heavy snow accumulation and resulting damage. The snow shelter initiative is considered a "climate-informed proposal"[63] aligned with SoCalGas's 2025 Climate Adaptation Vulnerability Assessment (CAVA) and the adaptation measures identified therein. PHMSA's February 6, 2026, Advisory Bulletin ADB 2026-03[64] highlights that heavy snowfall and ice accumulation can impose significant external loads on aboveground facilities, including valves, regulators, and meter sets, and can block essential vents required for proper regulator operation. PHMSA further warns that these conditions may lead to overpressure events or the buildup of hazardous vapor and reminds operators under 49 CFR § 192.613 that extreme weather constitutes a change in condition requiring proactive surveillance and corrective action. Meter snow shelters are intended to directly mitigate these risks by diverting snow loads away from the meter set, reducing the structural stress placed on risers and fittings, and preventing snow or ice from obstructing regulator vents. The addition of meter snow shelters in the Meter Protection workpaper supports safe operation in alignment with PHMSA's guidance.

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[63] "Climate-informed proposals" are proposed infrastructure projects for which the primary driver of the project is not climate change adaptation, but where there is an additional climate adaptation benefit. Climate informed" is defined in D.24-05-005 and the Joint Investor-Owned Utilities (IOU) Lexicon Working Group Report (August 2025).

[64] PHMSA released ADB-2026-03 "Pipeline Safety: Protecting Pipeline Integrity During Extreme Winter Weather, Rapid Thaw, and Geohazard Events" on February 6, 2026.

a. Description of RAMP Mitigations

Within this cost category, there are Capital costs for risk control C175 (Residential Meter Protection) that were presented in the 2025 RAMP Report and are listed in the table below.[65] Since the submission of the 2025 RAMP Report, SoCalGas has expanded the scope of C175 to include a Snow Shelter Initiative, which adds protective shelters over residential meter sets in high elevation locations prone to heavy snowfall and extreme winter conditions.

The Residential Meter Protection Project (RMPP) mitigates the risk of gas releases resulting from aboveground distribution facilities at residential properties caused by external forces. This control reduces the likelihood that an MSA will be damaged by installing physical protection such as meter guards, and under the Snow Shelter Initiative, protective shelters over meters in high-snowfall areas. Meter guards provide a protective buffer between the MSA and nearby vehicle travel paths, while snow shelters are designed to prevent damage caused by snow accumulation, snow removal activities, and falling ice or debris.

These protective devices function as visual and physical deterrents to prevent impact-related damage, which could otherwise result in an uncontrolled release of gas, fire, or property damage. While meter protection devices are not designed to prevent all forms of damage, they significantly reduce the probability of external forces affecting the MSA. In circumstances where adequate protection cannot be achieved through meter guards or snow shelter alone, the Company may relocate or remove the equipment to eliminate the hazard. In limited situations, these measures may also provide additional protection during events such as earthquakes, landslides, or floods when debris could strike the meter directly.

The Snow Shelter initiative was not included in the 2025 RAMP Report because, at the time of the filing, the Company did not yet have sufficient data to support inclusion of this mitigation. The 2023 winter weather event identified above increased risk to residential meter sets in communities in higher elevations in the San Bernardino County Mountains area from heavy snowfall and snow-related impacts, and subsequent evaluation and analysis confirmed the benefits of additional protective measures. As a result, the Company has added the Snow Shelter Initiative under C175 to address this identified risk.

[65] 2025 RAMP Report, Chapter SCG-Risk-3 Medium Pressure Gas System.

The RMPP, inclusive of the Snow Shelter Initiative, addresses multiple RAMP risk drivers, including third-party damage, asset failure, and external force impacts. It also supports compliance with GO 112-F and 49 CFR §192.353(a), which require operators to protect above-ground equipment from damage.

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-45
RAMP and GRC Risk Control/Mitigation Activities – Capital

Meter Protection				
ID	**Control/Mitigation Name**	**2025 RAMP 2028-2031 In 2024 $ (000s)**	**2028 GRC 2028-2031 In 2025 $ (000s)**	**Change ($000s)**
C175	**Residential Meter Protection**	12,572	84,249	71,677

b. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

This mitigation yields multiple safety, reliability, and operational benefits that inform its selection and prioritization within the RAMP framework. By reducing the likelihood and severity of meter set damages from vehicular traffic, construction activities, weather-related forces, and other external impacts, particularly in dense urban and suburban environments, the RMPP materially lowers the risk of gas releases, fire hazards, and emergency response events. Preventing damage to MSAs also reduces the frequency of unplanned service interruptions, customer outages, and emergency shutoffs that can impact individual customers and surrounding neighborhoods. In addition, proactively protecting vulnerable meter sets supports system reliability by preserving pressure control and maintaining continuous gas delivery during normal

operations and abnormal conditions. These measures enhance community safety, minimize disruption to public infrastructure, reduce downstream operational and emergency response costs, and improve overall system resilience, particularly in areas experiencing increased development density, traffic exposure, or climate-driven stresses. As a result, this mitigation provides broad public safety and customer service benefits that extend beyond individual installations and contribute to the overall integrity and reliability of the gas distribution system.

2. Forecast Method

The forecast method developed for Meter Protection is zero-based, which is the most appropriate approach given the increase in planned mitigation activity relative to 2025 levels and the introduction of the snow shelter program with no historical spending. Historical expenditures do not reflect the scope of work required during the forecast period, as prior-year activity levels were materially lower than the number of meter protection installations needed to address the Company's inventory of unprotected MSAs and evolving site conditions. Accordingly, the forecast is driven by the number of sites SoCalGas plans to mitigate, reflecting increased conflicts between MSAs and vehicular traffic caused by higher building density, constrained installation footprints, and changing land use, all of which necessitate additional meter guard installations to maintain compliance with GO 112-F and 49 CFR § 192.353(a).

SoCalGas's currently identified and unmitigated inventory includes approximately 490,000 MSAs that require meter guards. This inventory continues to grow by approximately 40,000 MSAs per year, as new exposures are identified. While the majority of referrals were identified during the initial phase of the MSA inspection program between 2018 and 2023, new sites continue to be added due to ongoing development and changing site conditions. Accordingly, SoCalGas's forecast reflects a modest, achievable mitigation strategy of 12,500 sites per year, rather than achieve full inventory remediation within a single GRC cycle.

Forecasted costs for meter guards were calculated by multiplying the projected number of mitigation sites by the 2025 average cost per site mitigation, which reflects current installation practices, labor, materials, and contractor support for light, medium, and heavy-duty meter guard designs. In addition, the forecast includes costs for snow shelters, a new climate-informed program with no historical cost basis. SoCalGas has identified a population of approximately 34,000 MSAs in high-elevation communities within the San Bernardino County Mountains that, based upon the historic and unprecedented 2023 weather event, may be vulnerable to extreme

winter weather conditions and therefore would benefit from meter snow shelters. The Company's forecasted snow shelter installation program over the 2028 GRC cycle proposes to mitigate approximately 1,800 sites per year, prioritizing higher risk locations to materially reduce snow-related exposure. This phased approach recognizes that full mitigation of all snow-vulnerable MSAs will extend beyond a single GRC cycle. Initial deployment will also generate field-verified data to further inform installation strategies, cost estimates, and continued inventory reduction efforts in future GRC cycles.

Existing contractors currently performing RMPP work were contacted for snow shelter pricing because they were the lowest cost bidders resulting from the Company's Request for Proposal (RFP) conducted last year. Snow shelter costs were developed using the best available contractor bid price per site, reflecting current market conditions. Once funding is approved, the Company will issue a new solicitation and request bids from additional qualified contractors to perform this work, consistent with its competitive procurement practices. This zero-based methodology aligns forecasted expenditures directly with the expanded volume of planned mitigation work and accurately captures both traditional meter protection installations and new resilience measures designed to protect MSAs in areas prone to extreme weather. *See* supplemental workpaper, Ex. SCG-04-CWP-S-011, for calculation details.

3. Cost Drivers

Meter Protection capital costs are driven by site-specific conditions affecting existing MSAs that create exposure to vehicular traffic, construction activity, or environmental hazards, requiring the installation of protective measures to maintain compliance with GO 112-F and 49 CFR § 192.353(a). In the prior GRC, SoCalGas was authorized funding at levels significantly below historical and operationally necessary amounts, which limited the Company's ability to mitigate the growing inventory of unprotected or newly exposed MSAs. As a result, existing funding levels for this cost category have proven insufficient to address the increasing number of MSAs requiring protection due to development density, changing land use, and evolving site conditions.

This work is important because unprotected MSAs present an elevated risk to public safety, system reliability, and equipment integrity, particularly in locations where vehicle circulation, construction activity, or environmental exposure has intensified over time. In addition, this work category includes the snow shelter initiative, a new program designed to

enhance community resilience and protect MSAs in higher elevation areas susceptible to heavy snowfall and extreme weather.

Together, meter guards and snow shelters require a combination of Company labor, contractor and third-party services, permitting, paving and restoration, and materials, all of which are necessary to address safety, reliability, and climate-related risks on a site-by-site basis. Accordingly, SoCalGas has adjusted the forecast to restore funding towards normal levels of inventory mitigation, enabling the Company to deploy meter protection installations at a scale commensurate with current and emerging risk conditions.

J. Regulator Stations (BC265)

TABLE JW-46
Capital Expenditures – Regulator Stations

GAS DISTRIBUTION (In 2025 $)							
J. Regulator Station	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Regulator Station	11,673	11,711	11,705	11,704	11,704	11,704	11,704

1. Description

The forecasts for Regulator Stations are for the installation, relocation, replacement, and abandonment of regulator stations. Regulator Stations are installed to reduce and control pressure between system pressure tiers, including pressure reductions from high-pressure distribution pipelines to lower-pressure distribution systems, as well as high-to-high regulator stations that reduce pressure within high-pressure systems to maintain safe operating limits for downstream facilities. These pressure controls promote safe and reliable operating conditions for customers.

As such, regulator stations are key pieces of control equipment on the SoCalGas pipeline network, supporting the mitigation of risks associated with public safety, system reliability, and infrastructure integrity. Regulator Stations not only control the gas pressure but also serve as a line of defense against over-pressurization. Many modern stations are designed with dual-run feeds to support continued station operation in the event of a failure in either run. Regulator Stations consist of pipes, electronics, valves, and regulators, installed in either underground

vaults or aboveground fenced facilities, and, in some instances, inside specially built housing. Details of the Regulator Stations are found in my capital workpapers. *See* Ex. SCG-04-CWP (002650).

As part of the maintenance activities, the field workforce inspects and records the condition of each station. These inspection evaluation elements are used to prioritize station replacement work. For example, single-vault regulator stations may contain equipment that is no longer available in the industry. In such circumstances, replacement becomes necessary due to equipment obsolescence. Additionally, more modern two- and three-vault stations may require replacement due to system reinforcement. Of the approximately 1,960 regulator stations operated and maintained by SoCalGas, an average of 12 are fully replaced or added to the system each year. While SoCalGas's O&M practices permit regulator stations to safely remain in service beyond their useful life, it is prudent to continue replacing these aged facilities before they fail. Failure of a regulator station could result in under- or over-pressurization of the distribution system, compromising the integrity of medium-pressure pipelines and jeopardizing public safety.

Stations identified for replacement exhibit one or more of the following risk factors and are prioritized accordingly: design obsolescence, active corrosion, deteriorating vaults or equipment, exposure to flooding, hazardous traffic conditions, or ergonomic safety concerns. SoCalGas proactively targets these stations for replacement before operation and safety issues arise.

These forecasted capital expenditures align with the Company's goals to mitigate risks associated with public safety, system reliability, and infrastructure integrity.

a. Description of RAMP Mitigations

Within this cost category, there are Capital costs for risk control C123 (Regulator Station Replacement) that were presented in the 2025 RAMP Report and are listed in the table below.[66]

C123 addresses the risk of equipment failure, over-pressurization, and other operational hazards associated with aging, obsolete, or degraded regulator stations assets. These activities directly support SoCalGas's obligation under PHMSA/DOT Regulation 49 CFR Part 192,

[66] 2025 RAMP Report, Chapter SCG-Risk-2 High Pressure Gas System; Chapter SCG-Risk-3 Medium Pressure Gas System.

Subpart L, §192.613(a), which requires operators to conduct continuing surveillance of pipeline facilities to identify and correct unsafe operating conditions, including abnormal operating pressures and equipment conditions that could compromise system integrity or public safety.

Although SoCalGas's O&M practices allow regulator stations to operate safely for extended periods, the Company proactively replaces selected stations prior to the end of their expected useful life to reduce the likelihood of and consequences of failure. Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-47
RAMP and GRC Risk Control/Mitigation Activities – Capital

Regulator Stations				
ID	**Control/Mitigation Name**	**2025 RAMP 2028-2031 In 2024 $ (000s)**	**2028 GRC 2028-2031 In 2025 $ (000s)**	**Change ($000s)**
C123	**Regulator Station Replacement (HP)**	996	16,384	11,545
C123	**Regulator Station Replacement (MP)**	17,916	7,024	(10,892)
	TOTAL	**18,912**	**23,408**	**4,496**

b. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

To support risk-informed decision making, SoCalGas developed a district regulator station (DRS) relative risk assessment tool that evaluates each station based on two factors: Likelihood of Risk Event (LoRE) and Consequence of Risk Event (CoRE). This systemwide, risk-informed model identifies the most critical station to replace in the near term. Because the tool is updated annually with new inspection data, condition assessments, and operational parameters, it also provides forward-looking insight into the number of regulator stations

expected to transition into higher-risk categories in future years. Based on current aging-curve trends and condition assessments, SoCalGas anticipates that the number of regulator stations requiring replacement will continue to increase over the next decade as more stations reach or exceed their useful lives.

Based on this prioritization model, SoCalGas plans to replace at least eight stations with the top 1% of risk assessment scores annually. These replacements are intended to proactively replace regulator stations prior to the end of their useful life, reducing overall system risk and so that critical components are sustained to maintain operational reliability and public safety. By performing this work, SoCalGas is taking steps to reduce the number of outdated designs and mitigate its safety risks.

2. Forecast Method

The forecast method developed for Regulator Stations is based on BY 2025. This method is most appropriate because 2025's accomplishments and recorded costs best indicate the anticipated activities that SoCalGas anticipates achieving during the forecasted years. The historical cost per project varies significantly based on the project's scope, including, but not limited to, location, design, and pressure range. Further, due to the complexity of the projects, the number of stations installed or replaced is insufficient to represent the historical costs. Therefore, the historical averages and trends were considered, but they were not representative of the forecast.

3. Cost Drivers

The cost drivers for Regulator Stations relate to the integrity of the infrastructure. As indicated previously, SoCalGas has approximately 1,960 regulator stations systemwide, with an average age of 36 years. Although approximately 17% of SoCalGas regulator stations include components that are more than 47 years old, reflecting O&M practices that have allowed these stations to remain in service, these facilities continue to age, have a finite service life, and serve as critical control infrastructure. Accordingly, it is prudent to continue replacing this infrastructure at an increasing rate before failure occurs.

Activities within the Regulator Stations work category are driven by the need to safeguard the pipeline system's safety and integrity, mitigate risks associated with customer/public and employee/contractor safety, system reliability, and infrastructure integrity,

and meet regulatory requirements. Regulator station replacements are driven by several factors, including the condition of the station, such as equipment obsolescence; the need to support system reinforcement; and the need to address aging infrastructure, including stations with known maintenance, reliability, or design obsolescence issues. Adding to the design complexity of the regulator station is the need to locate space within a public or private right-of-way for two to three underground vaults, each measuring six feet by six feet, depending on the design configuration. Further, the timing of individual projects is determined by various factors, including the need to review operating conditions, detailed planning requirements, the acquisition of required permits, and the coordination and scheduling of resources.

The underlying cost drivers for this capital work category also relate to Company labor, contractor services, third-party services, paving services, and materials such as controls, electronics, valves, pipe, and fittings. All or a combination of these construction elements are necessary for performing regulator station replacements.

Additionally, changes in connection with the compensation modernization initiative have been made for the forecast period within this workgroup. *See* the Compensation and Benefits testimony (Ex. SCG-16/SDGE-20).

K. Other Distribution Capital Projects (BC270)

TABLE JW-48
Capital Expenditures - Other Distribution Capital Projects

GAS DISTRIBUTION (In 2025 $)							
K. Other Distribution Capital Projects	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Other Distribution Capital Projects (CO)	5,155	3,511	3,509	3,508	3,508	3,508	3,508
2.Other Distribution Capital Projects (NC)	10,035	11,754	11,745	11,743	11,743	11,743	11,743
Total	**15,190**	**15,265**	**15,254**	**15,251**	**15,251**	**15,251**	**15,251**

1. Description

The forecasts for Other Distribution Capital Projects cover the expenditure for capital adjustments to SoCalGas facilities that are not specifically included in other categories. Specifically, these expenditures cover construction projects not covered under franchise agreements, not related to freeway work, and not covered in other capital budget categories. Details of these Other Distribution Capital Projects are found in my capital workpapers. *See* Ex. SCG-04-CWP (002700).

Examples of these projects include, but are not limited to:

- Replacement, alteration, or abandonment of appurtenances to mains, such as valves and vaults, drips, traps, roads, and fences, due to condition, in order to maintain the safe and reliable operation of the distribution system;
- Raising, lowering, or relocating mains due to interference with external party construction;
- Changes to SoCalGas facilities in accordance with right-of-way agreements, encroachment permits, and railroad crossing lease agreements; and
- Modernization of Distribution training equipment and instructional infrastructure to support specialized, hands-on training, maintain workforce capability, and support the safe and reliable distribution operations.

2. Forecast Method

The forecast method developed for Other Distribution Capital Projects is based on BY 2025 because it reflects the current and ongoing level of activity associated with this work category. The volume and mix of projects observed in 2025 align with present operating conditions, including sustained third-party relocation activity, ongoing facility adjustments driven by external construction, and investment in modernizing Distribution training equipment and facilities to support active programs.

3. Cost Drivers

The cost drivers for Other Distribution Capital Projects relate to the volume and type of construction required to address the needs of agencies not under any franchise agreement and property owners requesting that SoCalGas relocate facilities from their property.

Another cost driver in this work category is the construction work performed to protect the pipeline's integrity when relocation is not feasible. An example of this work is the installation of protective casing where an existing pipeline is found to be at a shallow depth and therefore more susceptible to third-party damage.

Additional cost drivers within Other Distribution Capital Projects include capital investments to modernize Distribution training equipment and instructional infrastructure within SoCalGas's training facilities. As new programs, tools, and operating requirements are introduced, training environments require updates to reflect current field conditions and support the development and maintenance of a qualified Distribution workforce. These efforts typically involve replacement or enhancement of training equipment, modifications to training infrastructure, and installation of modernized distribution assets within training settings. The scope and timing of these investments are influenced by regulatory changes, safety initiatives, and the rollout of new operational programs.

The underlying cost drivers for this capital work category also relate to Company labor, contractor services, third-party services, paving services, and materials such as pipe and fittings. All or a combination of these construction elements are necessary for performing relocation projects for mains, services, and associated facilities in the Other Distribution Capital Projects work category.

Further, changes in connection with the compensation modernization initiative have been made for the forecast period within this workgroup. *See* the Compensation and Benefits testimony (Ex. SCG-16/SDGE-20).

L. DIMP Project Execution (BC277)

TABLE JW-49
Capital Expenditures - DIMP Project Execution

GAS DISTRIBUTION (In 2025 $)							
L. DIMP Project Execution	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. DIMP Project Execution	120,694	193,948	260,920	263,151	263,155	263,153	263,151

1. Description

Forecasts for DIMP execution reflect capital costs associated with the labor and non-labor activities required to implement PAARs in support of compliance, system safety, and system reliability. As previously discussed in Section III.B.1. (Description of Costs and Underlying Activities), operators of gas distribution pipelines are required to identify, evaluate, rank risk, and mitigate threats to their pipelines. The activities described within this section are to comply with 49 CFR § 192, Subpart P – Gas Distribution Pipeline Integrity Management, specifically the execution of PAARs. Details regarding DIMP Execution are found in my capital workpapers. *See* Ex. SCG-04-CWP (002770).

PAARs are implemented through different approaches, depending on the threat being addressed, and may vary in the types and numbers of risk-reducing activities. PAARs are necessary when the risk assessment processes identify necessary risk mitigations. The DIMP Execution capital costs support activities associated with the execution of the PAARs discussed in Section III.B. These PAARs enable SoCalGas to proactively identify and mitigate potential integrity and safety concerns within the distribution pipeline system, and maintain, replace, and upgrade various components that make up the distribution system.

a. Description of RAMP Mitigations

Within this cost category, there are capital costs for risk controls C182 (DREAMS), C121 (GIPP), and C129 (Cathodic Protection System Improvement) that were presented in the 2025 RAMP Report and are listed in the table below.[67] All DIMP activities are risk mitigation measures addressing safety risks identified in the 2025 RAMP Report, as described in the section above.

Activities that are compliance or mandated by CPUC or other agencies are listed in bold, and Appendix B attached to this testimony provides the details regarding these mandates for each control.

TABLE JW-50
RAMP and GRC Risk Control/Mitigation Activities – Capital

[67] 2025 RAMP Report, Chapter SCG-Risk-3 Medium Pressure Gas System.

DIMP Project Execution				
ID	Control/Mitigation Name	2025 RAMP 2028-2031 In 2024 $ (000s)	2028 GRC 2028-2031 In 2025 $ (000s)	Change ($000s)
C182	Distribution Risk Evaluation & Monitoring System (DREAMS)	611,861[68]	1,008,214	396,353
C121	Gas Infrastructure Protection Program (GIPP)	23,556[69]	23,475	(81)
C129	Cathodic Protection System Improvement	20,778[70]	20,921	143
	TOTAL	**656,195**	**1,052,610**	**396,415**

b. Description of Selection and Prioritization of RAMP Risk Mitigations

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology and are designed to address a specific safety and/or reliability risk. The Company's selection and prioritization of these RAMP mitigation activities considered many factors when determining if these risk mitigation activities are an effective and worthwhile investment. The ERM process for identifying and assessing system risk is described in the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

The GESI testimony (Ex. SCG-03) presents the program management portion of C182, C121, and C129 costs and activities in support of the DIMP and includes this same description of the selection and prioritization of these mitigations. As described in Section III.B.1. (Description of Costs and Underlying Activities), SoCalGas's DIMP is designed to comply with 49 CFR Part

[68] The total RAMP Capital forecast for C182 is $611.9 million. The cost shown on the table represents the estimated RAMP Capital forecast allocated to this workpaper, proportional to the GRC Capital forecast, representing 98.5% of the total activity. The other portion of costs for C182 can be found in the GESI Testimony (Ex. SCG-03).

[69] The total RAMP Capital forecast for C121 is $23.6 million. The cost shown on the table represents the estimated RAMP Capital forecast allocated to this workpaper, proportional to the GRC Capital forecast, representing 98.5% of the total activity. The other portion of costs for C121 can be found in the GESI Testimony (Ex. SCG-03).

[70] The total RAMP Capital forecast for C129 is $20.8 million. The cost shown on the table represents the estimated RAMP Capital forecast allocated to this workpaper, proportional to the GRC Capital forecast, representing 98.5% of the total activity. The other portion of costs for C129 can be found in the GESI Testimony (Ex. SCG-03).

192, Subpart P, which requires operators to understand system conditions, identify and evaluate threats, implement measures to address risk, monitor performance, and periodically evaluate and improve the program. Consistent with regulatory requirements, SoCalGas evaluates its distribution system for threats, including corrosion, natural forces, external damage, pipe, weld, or joint failure, equipment failure, and operational errors. Based on this evaluation, SoCalGas develops and implements PAARs to reduce the likelihood and consequences of failures that may result in leaks, service interruptions, injuries or fatalities, environmental impacts, or property damage. In particular, DREAMS implements a QRA model with a defined risk threshold that guides the prioritization of pipe replacement projects. This risk-based approach improves efficiency by allowing the Company to identify and prioritize projects that may result in higher costs if deferred due to their elevated risk levels.

As described in the GESI testimony (Ex. SCG-03), SoCalGas considers system knowledge, performance data, resourcing, and other information, such as the results of ongoing risk evaluation and program reviews, to determine where continued or additional risk reduction activities are needed under the DIMP. Factors such as regulatory mandates and guidance (*e.g.,* advisory bulletins) and past activity levels also inform the scope of this control. SoCalGas plans to maintain DIMP risk reduction activities at previously-authorized levels, while increasing the scope of the DREAMS PAAR to align with updated quantitative risk results and manage system risk at a sustainable pace.

2. Forecast Method

The forecast method developed for DIMP Execution is based on BY 2025 with adjustments. The DIMP is a continuously evolving, risk-driven program, and the base year most accurately reflects the average level and cost of activities required to execute PAARs. The base year is particularly representative because it captures the most recent year in which updated and segment-specific QRA results were applied to inform DREAMS project selection and pacing. The forecast years have been adjusted to reflect the anticipated pipeline mileage scoped for the GRC period for DREAMS and CP SIP, as well as the number of expected mitigations for GIPP.

As discussed in the GESI testimony (Ex. SCG-03) and the Regulatory Accounts testimony (Ex. SCG-21), SoCalGas has a greater level of confidence in its ability to forecast DIMP activities and manage program execution within authorized funding levels and requests to close the DIMP one-way balancing account.

3. Cost Drivers

The primary cost driver for the capital DIMP Execution is the DREAMS program, with costs forecasted on an average cost-per-mile basis based on recent execution experience. The underlying cost drivers for DIMP Execution relate to company labor, contractor services, third-party services, and materials. All or a combination of these construction elements are necessary for performing projects for mains, services, and associated facilities. The capital costs are primarily driven by the miles of mains and the number of services targeted for replacement under DREAMS. The GIPP spending focuses on mitigation activities associated with the threat of vehicular damage while CP SIP spending is associated with converting NSOTA pipelines to cathodically-protected pipelines using impressed currents as discussed in Section III.B. (Description of Costs and Underlying Activities).

The forecasted FTEs represent the estimated level of labor effort required to support planned activities and are not intended to equate to a specific headcount. FTE is a workload-based planning metric calculated by dividing total forecasted labor hours by the annual hours of a full-time employee. As such, an increase in FTE reflects higher activity levels rather than a commitment to hiring additional permanent staff. The forecasted work may be performed through a combination of existing employees, overtime, temporary resources, or external contractors, depending on actual workload demands and resource availability.

M. Capital Tools & Equipment (BC725)

TABLE JW-51
Capital Expenditures - Capital Tools & Equipment

GAS DISTRIBUTION (In 2025 $)							
M. Capital Tools & Equipment	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Capital Tools & Equipment	9,444	9,455	9,453	9,453	9,453	9,453	9,453

1. Description

The forecasts for Capital Tools & Equipment encompass capital expenditures for the purchase of tools and equipment used by Gas Distribution field personnel to inspect, maintain, and repair gas pipeline systems. The main drivers of this category include the need to replace existing tools that are damaged, broken, outdated technologically, or have reached the end of

their useful lives, as well as the need to stock crew vehicles with new tools and equipment. In addition, SoCalGas invests in new tools that provide innovative ways to complete maintenance and repairs of its facilities, thereby reducing customer disruptions, improving pipeline facility documentation, enhancing gas system and employee safety, and reducing costs. Details regarding Capital Tools are found in my capital workpapers. *See* Ex. SCG-04-CWP (007250).

The forecasted capital expenditures for Capital Tools support the Company's goals of protecting customers and employees by using equipment in good condition, thereby minimizing the risk of injuries or malfunctions during safety-related operations.

2. Forecast Method

The forecast method developed for Capital Tools is based on BY 2025. This method is the most appropriate given the stabilized spending pattern in recent years. Earlier-year fluctuations were driven by a combination of one-time project work and temporary external constraints, but these factors have since worked through the system. As a result, 2025 historical spending accurately reflects ongoing, steady-state operational activities, and no significant changes in cost drivers or operational requirements are anticipated. Additionally, there are no planned program expansions, regulatory changes, or market conditions expected to materially impact costs. Therefore, the base year provides a reliable and stable benchmark for future expenditures, promoting consistency and predictability.

3. Cost Drivers

The cost drivers for Capital Tools are the need to continuously equip SoCalGas's employees with safe, reliable tools and equipment. As previously discussed, SoCalGas's tools and equipment are exposed to rigorous environments that impact their useful lives. Because many of the tools and equipment used in the field contain sensitive components that are subject to shock, vibration, rain, and dusty conditions, contributing to equipment deterioration, SoCalGas regularly replaces these tools to maintain a safe working environment.

In addition, SoCalGas invests in new tools that provide innovative ways to complete field work, thereby reducing customer disruptions, enhancing pipeline facility documentation, and improving safety for both the gas system and its employees.

The underlying cost drivers for this capital work category also include expenditures associated with the purchase costs of capital tools and equipment used by Gas Distribution field personnel for the maintenance and construction of gas pipeline systems.

Additionally, changes in connection with the compensation modernization initiative have been made for the forecast period within this workgroup. *See* the Compensation and Benefits testimony (Ex. SCG-16/SDGE-20).

N. Capital Execution & Engineering (BC903)

TABLE JW-52
Capital Expenditures - Capital Execution & Engineering

GAS DISTRIBUTION (In 2025 $)							
N. Capital Execution & Engineering	**2025 Adjusted-Recorded (000s)**	**Est. 2026 (000s)**	**Est. 2027 (000s)**	**Est. 2028 (000s)**	**Est. 2029 (000s)**	**Est. 2030 (000s)**	**Est. 2031 (000s)**
1. Capital Execution & Engineering	119,282	107,838	110,367	126,276	125,431	126,300	126,492

1. Description

The forecasts for Capital Execution and Engineering provide labor and non-labor funding for a broad range of services to support the construction of capital assets in the Gas Distribution organization. Traditional work categories in this budget include project planning, local engineering, clerical support and field dispatch, field management and supervision, updating of mapping products, and off-production time for support personnel and field crews that install Gas Distribution capital assets. Further details regarding Capital Execution and Engineering are found in my capital workpapers. *See* Ex. SCG-04-CWP (009030).

Support activities recorded to this budget code include:

- **Distribution Planning:** Distribution Planning refers to all activities that take place in the region and district offices in support of capital projects. These support work activities include, but are not limited to, the following:
  - **Planning the Project:** This activity involves conducting field visits to assess job site requirements; retrieving available sub-structure drawings from multiple sources for the proposed site to determine construction options; selecting materials; specifying job details, including the method of installation and gas control instructions; developing traffic control procedures; and obtaining permits.
  - **Producing Project Drawings:** This activity involves drawings that are required to obtain construction permits, used by SoCalGas and contractor field crews for asset installation and documentation of the project in SoCalGas's records. This includes updating the SoCalGas GIS with

graphical and facility information. These personnel are responsible for detailed design and updating all distribution infrastructure maps whenever facilities in the field are constructed, modified, or replaced. The timely maintenance of these gas distribution system records is a critical risk mitigation measure in preventing hazards to public and employee safety, infrastructure integrity, and the reliable delivery of natural gas to SoCalGas's customers.

- **Acquiring and Managing Third-Party Services:** Acquire third-party contract services include paving, steel plates, equipment, and new business joint trenching. This activity also involves verifying that third-party services meet SoCalGas's standards and that the joint trench provided by the applicant is to specifications.
- **Estimating Work Order Cost:** This activity involves providing work order cost estimates for each capital project.

- **Distribution Engineering:** The work performed by Distribution Engineering personnel includes gas network analysis, hydraulic modeling, development of construction design requirements, pressure control specifications, distribution emergency response, and assessments of construction impacts on the reliability and integrity of the gas distribution system.
- **Clerical:** Clerical support includes a number of functions that assist capital projects, including obtaining permits, requesting third-party services such as paving, reconciling all project documentation, reviewing the accuracy of information, and entering work order data into SoCalGas's system of records. Additionally, clerical activities support the accurate retention of construction permits, work orders, and customer requests for archival purposes.
- **Scheduling and Dispatch:** Dispatch support coordinates all aspects of the construction job, including availability of supplies, materials, and contract support personnel, and schedules work for completion in the field.
- **Field Management and Supervision:** Field management and supervision of SoCalGas and contractor field crews are covered by this area. This includes the safety and quality of the Company and contractor work, verifying that

construction adheres to job specifications, construction and safety standards, employee safety procedures, and compliance with OpQual requirements.[71] This also includes the management of front-line supervisors and technical planning office supervisors.

- **Project Management:** Project Management refers to activities supporting major projects and programs through their lifecycle to promote successful and effective execution through all phases of the project. This can include the development and implementation of structured processes, project development, cost measures, and forecasting and schedule development. Project management may also undertake special requests or ad hoc projects with scopes that fall outside the normal purview of other distribution departments.
- **Off-Production Time:** Off-production time refers to hours that are paid to employees who are assigned capital construction projects but spend time away from the job site. Examples of off-production time include attending skills training classes and participating in required safety meetings to fulfill job responsibilities. This is applicable to both field and technical personnel.

Personnel in the Capital Execution & Engineering work category are critical to the success of capital projects, as they execute key activities throughout the lifecycle of a construction project. To prepare a project for field construction, personnel within this work category initiate, plan, design, and schedule for field dispatch. Once the job is in the field of construction, field management oversees the field crews and is responsible for making field decisions that comply with standards and policies. After the project has been completed in the field, the remaining activity is reconciling the construction as-built information, which also involves personnel in this work category.

The forecasted capital expenditures for Capital Execution & Engineering promote the Company's commitment to mitigate risks to public safety, reliability, and the integrity of the natural gas system.

[71] 49 CFR § 192, Subpart N and 49 CFR § 195, Subpart G.

2. Forecast Method

The forecast method developed for Capital Execution and Engineering is zero-based. This approach is most appropriate because the cost of field support is tied to anticipated capital construction activities. Collectively, the level of support activities outlined above can fluctuate in response to capital construction activity. Generally, the greater the volume of construction activity, the larger the support costs. Due to this relationship, forecast expenditure for the Capital Execution and Engineering budget category are based on historical costs as a percentage of construction costs incurred. Over the past five years (2021-2025), the percentage has ranged from 43% to 67%, with 2025 experiencing the second highest ratio of 65.7 % and 2021 with the lowest. This variation is due in part to the mix of projects each year, as some capital work requires a higher percentage of labor support than others. Given this variation in work and associated labor support costs, SoCalGas chose the five-year (2021-2025) historical average support ratio of 51.5% to determine the base forecast for the Capital Execution and Engineering work category. SoCalGas applied this labor ratio to the overall projected capital construction cost to determine the future needs of this workgroup. *See* supplemental workpaper, Ex. SCG-04-CWP-S-012, for calculation details.

As mentioned in Section II (Affordability & Efficiency), the District Clerical Support Project is an initiative to identify opportunities to simplify processes, eliminate duplicative work, and enhance coordination across the company for the DOC position. This initiative is expected to result in lower costs in the forecast period. Adjustments have been made to the forecast period of 2026-2031 to present the anticipated efficiency of the District Clerical Support Project.

3. Cost Drivers

The underlying cost drivers for Capital Execution and Engineering are primary associated with fluctuations in the level of capital construction activity. Generally, higher volumes of construction activity require greater levels of engineering, project management, and field support, which in turn increase associated support cost. The construction cost drivers that directly influence the Capital Execution and Engineering work category are reflected in the following capital programs: New Business, Main Replacements, Service Replacements, Main and Service Abandonments, Regulator Stations, CP Capital, Pipeline Relocations, Other Distribution Capital Projects, Meter Protection, and Remote Meter Reading. Given this relationship, the cost drivers impacting construction-related work categories, as described in the

Capital section in this testimony, will also impact the Capital Execution & Engineering work category.

V. RISK ASSESSMENT MITIGATION PHASE (RAMP) INTEGRATION

A. GRC Risk Controls/Mitigations and Benefit Cost Ratios

As previously discussed, certain costs supported in this testimony are for Control/Mitigation activities described in SoCalGas's 2025 RAMP Report for activities designed to reduce risk. Specifically, the controls and mitigations in this testimony were included in: SCG-Risk-1 Excavation Damage,[72] SCG-Risk-2 High Pressure Gas System, and SCG-Risk-3 Medium Pressure Gas System. As further reference, a roadmap matching controls and mitigations to both the 2025 RAMP and the TY 2028 GRC testimony is appended to the RDF Integration testimony, Ex. SCG-02B/SDGE-02B. Table JW-53 below summarizes the Control/Mitigation BCRs based on the costs[73] in this testimony and estimated in the 2025 RAMP with the associated BCRs. Controls/Mitigations that are mandated by CPUC or other agencies are listed in bold in the table below and are listed in Appendix B, attached to this testimony, providing the details regarding the respective mandates for each Control/Mitigation. Appendix E provides a GRC workpaper breakdown for the RAMP controls and mitigations sponsored in this testimony.

TABLE JW-53
Comparison of RAMP and GRC Risk Control/Mitigation Benefit Cost Ratios

[72] After the 2025 RAMP Report was filed, Excavation Damage was recategorized as a risk driver of the High Pressure Gas System Risk and Medium Pressure Gas System Risk, rather than as a standalone risk. *See* the RDF Integration testimony (Ex. SCG-02B/SDGE-02B).

[73] Post-test year forecasts can be found in the workpapers for Locate & Mark 2GD000.002, Cathodic Protection 2GD000.008, Measurement & Regulation 2GD000.007, Regulator Station 002650, Main Maintenance 2GD000.003, Electronic Pressure Monitors 001810, Cathodic Protection Capital 001730, Service Replacement 002560, Meter Protection 002640, Main Replacement 002520, Leak Survey 2GD000.001, Leak Repair & Restoration 2GD000.006, DIMP Execution 2GD001.000 and DIMP Project Execution 002770.

GAS DISTRIBUTION							
ID	Control/Mitigation Name	2025 RAMP Direct, in 2024 $ (000s) 2028-2031			2028 GRC Direct, in 2025 $ (000s) 2028-2031		
		BCR Societal	BCR Hybrid	BCR WACC	BCR Societal	BCR Hybrid	BCR WACC
C002	Damage Prevention Activities – Gas (MP)	18.23	19.49	18.28	10.51	11.04	10.53
C002	Damage Prevention Activities – Gas (HP)	18.23	19.49	18.28	151.12	159.92	151.46
C004	Damage Prevention Mapping (MP)	0.03	0.01	0.01	0.02	0.01	0.01
C004	Damage Prevention Mapping (HP)	0.03	0.01	0.01	0.03	0.01	0.01
C103	Cathodic Protection Base Activities (MP)	6.64	6.65	6.61	6.84	6.84	6.82
C103	Cathodic Protection Base Activities (HP)	50.18	50.11	50.02	68.97	68.81	68.75
C106	Cathodic Protection- CP10 Activities	0.80	0.80	0.80	1.07	1.07	1.06
C116	M&R Station and EPM Inspection and Maintenance (MP)	1.40	1.42	1.40	1.21	1.23	1.21
C116	M&R Station and EPM Inspection and Maintenance (HP)	21.36	22.58	21.38	19.55	20.42	19.62
C120	Distribution Riser Inspection Program (DRIP)	0.11	0.02	0.01	0.20	0.03	0.02
C121	Gas Infrastructure Protection Program (GIPP)	0.01	0.01	0.01	0.02	0.01	0.01

GAS DISTRIBUTION							
ID	Control/Mitigation Name	2025 RAMP Direct, in 2024 $ (000s) 2028-2031			2028 GRC Direct, in 2025 $ (000s) 2028-2031		
		BCR Societal	BCR Hybrid	BCR WACC	BCR Societal	BCR Hybrid	BCR WACC
C122	Sewer Lateral Inspection Project (SLIP)	0.01	0.01	0.01	0.01	0.01	0.01
C123	Regulator Station Replacement (MP)	0.15	0.06	0.05	0.04	0.02	0.01
C123	Regulator Station Replacement (HP)	32.91	15.46	12.01	11.27	4.91	3.85
C129	Cathodic Protection System Improvement	0.28	0.22	0.22	1.22	0.95	0.95
C130	MSA Inspection and Maintenance	0.15	0.15	0.15	0.14	0.14	0.14
C134	Pipeline Monitoring (MP)	1.94	1.95	1.94	2.00	2.01	2.00
C134	Pipeline Monitoring (HP)	0.54	0.54	0.54	0.74	0.74	0.74
C135	EPM Installations & Replacements (MP)	8.68	8.72	8.66	6.26	6.32	6.25
C135	EPM Installations & Replacements (HP)	3.85	3.85	3.84	40.55	40.66	40.53
C170	CP Install/Replace Impressed Current Systems (MP)	7.28	7.28	7.25	3.89	2.21	2.18
C170	CP Install/Replace Impressed Current Systems (HP)	1.52	1.52	1.52	57.99	33.05	32.95
C174	Service Replacements – Leakage Abnormal Op. Conditions CP Related (MP)	12.48	1.37	1.31	12.64	1.24	1.19
C174	Service Replacements – Leakage	12.82	1.95	1.95	40.39	5.32	5.32

GAS DISTRIBUTION							
ID	Control/Mitigation Name	2025 RAMP Direct, in 2024 $ (000s) 2028-2031			2028 GRC Direct, in 2025 $ (000s) 2028-2031		
		BCR Societal	BCR Hybrid	BCR WACC	BCR Societal	BCR Hybrid	BCR WACC
	Abnormal Op. Conditions CP Related (HP)						
C175	Residential Meter Protection	0.02	0.01	0.01	0.02	0.01	0.01
C177	Main Replacements-Leakage Abnormal Op. Conditions CP Related (MP)	8.33	0.86	0.81	6.50	0.60	0.56
C177	Main Replacements-Leakage Abnormal Op. Conditions CP Related (HP)	2.75	0.41	0.4	9.61	1.23	1.22
C179	Distribution Main & Service Leak Repair (MP)	0.5	0.51	0.5	0.72	0.73	0.72
C179	Distribution Main & Service Leak Repair (HP)	1.38	1.38	1.38	1.08	1.08	1.08
C182	Distribution Risk Evaluation & Monitoring System (DREAMS)	2.28	0.23	0.22	3.23	0.29	0.27

B. Justification For Proposed Mitigations With BCRs <1

The RDF prescribes a methodology for calculation of Benefit Cost Ratios under three discount rates as detailed in the table above. Certain of these calculations result in a BCR that is less than one. SoCalGas justifies the selection of these mitigations based on a thorough analysis of operational considerations. Details regarding the justification for each mitigation are provided in the table below and are compiled with all mitigations in RDF Integration testimony (Ex. SCG-02B/SDGE-02B). A list of compliance drivers is attached to this testimony in Appendix B.

Table JW-54
Control/Mitigation Justification

ID	Control/Mitigation Name	Justification
C004	Damage Prevention Mapping (MP)	This mitigation enables SoCalGas to achieve real-time updates to its mapping system and improve the legacy records that do not always reflect modern field conditions. A recent PHMSA advisory bulletin[74] advised owners and operators of gas pipelines of the excavation-related safety threat associated with inaccurate locating and records management.
C004	Damage Prevention Mapping (HP)	This mitigation enables SoCalGas to achieve real-time updates to its mapping system and improve the legacy records that do not always reflect modern field conditions. A recent PHMSA advisory bulletin advised owners and operators of gas pipelines of the excavation-related safety threat associated with inaccurate locating and records management.
C120	Distribution Riser Inspection Program (DRIP)	This DIMP mitigation enables SoCalGas to address an ongoing safety risk with the potential for serious incidents and fatalities. PHMSA advisory bulletins have emphasized the importance of addressing hazardous leaks, minimizing gas releases, and maintaining effective corrosion control, including corrosion protection for coated pipe and riser configurations.[75] Anodeless steel risers can corrode over time due to environmental conditions and, because they are typically located adjacent to residences, an unintentional gas release can result in significant damage, service impacts, injuries, or fatalities if not identified and addressed. SI Associates found that DRIP remained above an annual efficiency baseline through their review period, which indicates

[74] Docket No. PHMSA–2026–1585, Pipeline Safety: Advisory Bulletin on Preventing Excavation Damage During National Safe Digging Month and Beyond, 91 Fed. Reg. 76,21368 (April 21, 2026), *available at:* https://www.govinfo.gov/content/pkg/FR-2026-04-21/pdf/2026-07752.pdf.

[75] Docket No. PHMSA–2021–0050, Statutory Mandate to Update Inspection and Maintenance Plans to Address Eliminating Hazardous Leaks and Minimizing Releases of Natural Gas from Pipeline Facilities, Advisory Bulletin ADB-2021-01, 86 Fed. Reg. 110,31002 (Apr. 27, 2021) *available at:* https://www.govinfo.gov/content/pkg/FR-2021-06-10/pdf/2021-12155.pdf; Docket No. PHMSA–2016–0071, Pipeline Safety: Ineffective Protection, Detection, and Mitigation of Corrosion Resulting From Insulated Coatings on Buried Pipelines, Advisory Bulletin ADB-2016-04, 81 Fed. Reg. 119,40398 (June 21, 2016), *available at:* https://www.govinfo.gov/content/pkg/FR-2016-06-21/pdf/2016-14651.pdf.

ID	Control/Mitigation Name	Justification
		the program continues to be executed effectively while SoCalGas works to improve resource utilization.[76]
C121	Gas Infrastructure Protection Program (GIPP)	This DIMP mitigation enables SoCalGas to comply with a PHMSA requirement that operators evaluate not only high frequency and high consequence failures, but also those with low frequency yet high consequences, such as failures associated with vehicular damage to aboveground gas facilities.[77,78] Vehicular damage incidents can result in consequences such as significant property damage, service impacts, injuries, or fatalities. In their independent efficiency study of TIMP and DIMP, SI Associates notes that GIPP measures have proven effective in reducing both the frequency of incidents and the potential consequences of vehicular damage, noting targeted prioritization of inspection and remediations based on historical data and risk categorization, as well as improvements to scheduling and resource allocation.[79]
C122	Sewer Lateral Inspection Project (SLIP)	This DIMP mitigation enables SoCalGas to address the threat of cross bores, about which PHMSA and industry consortiums (*e.g.*, NAPSR) have repeatedly raised concerns. Incidents resulting from cross bores can result in serious public safety consequences due to possible gas migration into sewer systems. PHMSA requires operators to also address low frequency failures with high consequences that can result in significant damage, service impacts, injuries, and/or fatalities. The lower BCR reflects limitations in benefit quantification for a condition that is generally not observable until inspection or remediation.

[76] *See* the GESI testimony (Ex. SCG-03) Appendix F at 58-59 (Erica Rutledge and Dan Ostahowski, Aligning Safety, Compliance, and Cost-Effectiveness: A Comprehensive Review of SoCalGas's TIMP and DIMP Programs, Report No. 2552533 (Jan. 2026)).

[77] PHMSA, *Gas Distribution Pipeline Integrity Management Enforcement Guidance 49 CFR Part 192 – Subpart P* (2015) at 22, *available at:* https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/DIMP_Enforcement_Guidance_12_7_2015.pdf.

[78] Docket No. PHMSA–2020–0025: Pipeline Safety: Overpressure Protection on Low-Pressure Natural Gas Distribution Systems, 85 Fed. Reg. 189,61097 (Sept. 29, 2020), *available at:* https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/2022-01/PHMSA-2020-0025.pdf.

[79] *See* the GESI testimony (Ex. SCG-03) Appendix F at 58-59, 86-89 (Erica Rutledge and Dan Ostahowski, Aligning Safety, Compliance, and Cost-Effectiveness: A Comprehensive Review of SoCalGas's TIMP and DIMP Programs, Report No. 2552533 (Jan. 2026)).

ID	Control/Mitigation Name	Justification
		SoCalGas continues to consistently find cross bores in its system due to prior installation practices used before the threat of trenchless installations was recognized in the industry. SoCalGas also continues to improve its efficiency, as noted by SI Associates in its efficiency study.[80]
C123	Regulator Station Replacement (MP)	The Regulator Station Replacement mitigation (C123) is necessary to maintain compliance with PHMSA/DOT 49 CFR § 192, Subpart L, §192.613(a), which requires ongoing surveillance and correction of unsafe operating conditions, including abnormal pressures and degraded equipment. Proactively replacing higher-risk, aging regulator stations is critical to preventing over-pressurization events, protecting public safety, and supporting the continued safe and reliable operation of the gas distribution system.
C129	Cathodic Protection System Improvement	This DIMP mitigation addresses corrosion risk on NSOTA steel medium-pressure pipelines and supports compliance with 49 CFR § 192, Subpart I. CP SIP provides a targeted integrity management approach for eligible NSOTA segments, which reduces the number of pipeline segments prioritized for accelerated replacement under the DREAMS PAAR. As described in my testimony, SIP complements DREAMS by converting eligible segments to cathodically protected systems as a more cost-effective alternative to full replacement. Continued SIP investment remains a prudent, risk-informed mitigation that reduces corrosion risk and supports system integrity and affordability.
C130	MSA Inspection and Maintenance	This mitigation is designed to comply with General Order 58-A and 49 CFR § 192.481. GO 58-A requires that meters, regulators, and other components be maintained, repaired, and tested periodically to meet customers' capacity requirements, measure gas volume accurately, and deliver natural gas at an adequate pressure for the houseline and home appliances. 49 CFR § 192.481 requires aboveground piping facilities, such as MSAs, to be inspected for ACOR and complete necessary remediation no less

[80] *See* the GESI testimony (Ex. SCG-03) Appendix F at 9-10, 81-85 (Erica Rutledge and Dan Ostahowski, Aligning Safety, Compliance, and Cost-Effectiveness: A Comprehensive Review of SoCalGas's TIMP and DIMP Programs, Report No. 2552533 (Jan. 2026)).

ID	Control/Mitigation Name	Justification
		than once every three calendar years and at intervals not to exceed 39 months.
C134	Pipeline Monitoring (HP)	The activities included in this mitigation include bridge and span inspections, unstable earth inspections, valve inspections, and pipeline patrols. Each of these activities are necessary to comply with federal pipeline safety regulations 49 CFR § 192 and California requirements under GO 112 F.
C175	Residential Meter Protection	These activities are compliance driven, required under CPUC/PHMSA regulation GO 112-F and 49 CFR § 192.353(a). Customer meters and regulators: Location. Additionally, PHMSA's February 2026, Advisory Bulletin ADB 2026-03[81] highlights that heavy snowfall and ice accumulation can impose significant external loads on aboveground facilities, including valves, regulators, and meter sets, and can block essential vents required for proper regulator operation. PHMSA further warns that these conditions may lead to overpressure events or the buildup of hazardous vapor and reminds operators under 49 CFR § 192.613 that extreme weather constitutes a change in condition requiring proactive surveillance and corrective action.
C177	Main Replacements-Leakage Abnormal Op. Conditions CP Related (MP)	These activities are compliance driven, required under PHMSA/DOT regulation (49 CFR § 192, Subpart L, §192.613(a)), and reduce leak recurrence, corrosion risk, and unsafe operating conditions while supporting long-term system reliability and public safety.
C179	Distribution Main & Service Leak Repair (MP)	This activity establishes guidelines and requirements for assessing the degree of hazard and coding of leaks or leak indications found on the Company's underground piping system, and actions required to provide for public safety and leak repair as required by SoCalGas's Gas Standards, which comply with applicable federal and state pipeline safety regulations, including 49 CFR § 192 and GO 112-F.
C182	Distribution Risk Evaluation & Monitoring System (DREAMS)	This DIMP mitigation addresses safety risk associated with Aldyl-A plastic pipe and bare steel pipe. Bare steel pipe has been recognized by PHMSA as higher-

[81] PHMSA released ADB-2026-03 "Pipeline Safety: Protecting Pipeline Integrity During Extreme Winter Weather, Rapid Thaw, and Geohazard Events" in February 2026; *see* Docket No. PHMSA–2026–0397, Pipeline Safety: Advisory Bulletin on Protecting Pipeline Integrity During Extreme Winter Weather, Rapid Thaw, and Geohazard Events, Advisory Bulletin (ADB–2026–03), 91 Fed. Reg. 28,6287 (February 11, 2026), *available at:* https://www.govinfo.gov/content/pkg/FR-2026-02-11/pdf/2026-02666.pdf.

ID	Control/Mitigation Name	Justification
		risk pipe.[82] Aldyl-A has shown a propensity for failure due to low resistance to brittle-like cracking. There have been more than 15 Aldyl-A failures in California alone, resulting in multiple explosions and injuries. More recently, an incident in South Jordan, UT resulted in a fatality.[83] The CPUC's 2014 Hazard Analysis and Mitigation Report on Aldyl-A underscored the importance of replacements rates that meaningfully reduce risks associated with Aldyl-A.[84] SoCalGas employs QRA to prioritize and target replacements and continues to enhance its data and tools. Replacement of pipe segments prior to exceeding the risk threshold supports both safety and cost efficiency.

C. Changes From 2025 RAMP Report

Since the timing of the filing of the 2025 RAMP Report in May 2025, some circumstances may have changed that impact the control/mitigation scope – including units, costs, and other factors that influence the forecast. In addition, updates may have occurred that affect the underlying assumptions used to calculate the BCRs, as described in the Risk Integration testimony (Ex. SCG-02B/SDGE-02B). Key changes impacting the forecasts include:

- **C123 (Regulator Station):** The forecast methodology in the 2025 RAMP Report for this risk control used a base year approach based on 2024 recorded actuals. However, the GRC base year reflects 2025 recorded actuals, which are higher. In addition, the HP and MP ratio was re-evaluated in the GRC based on current system usage, resulting in changes to the allocation between pressure classes, contributing to differences between the RAMP and GRC cost estimates.

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82 PHMSA, *Pipeline Replacement Background*, *available at:* https://www.phmsa.dot.gov/data-and-statistics/pipeline-replacement/pipeline-replacement-background.

83 National Transportation Safety Board, Pipeline Investigation Report PIR-26-02, *Enbridge Inc. Natural Gas–Fueled Home Explosion and Fatality, South Jordan, Utah, November 6, 2024* (March 31, 2026), at 1, 4-5, *available at:* https://www.ntsb.gov/investigations/AccidentReports/Reports/PIR2602.pdf.

84 CPUC, *Hazard Analysis and Mitigation Report: Aldyl A Polyethylene Gas Pipelines* (June 11, 2014) at 29, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-policy-division/reports/ra-doc-10-aldyla.pdf.

- **C135 (EPM Installation & Replacement):** The 2025 RAMP Report developed costs for this risk control using a five-year historical average. However, the 2028 GRC request uses a zero-based forecasting methodology. This updated approach was adopted to better reflect current installation and replacement activity levels. In addition, the HP and MP ratio was re-evaluated based on current usage, resulting in a change to the allocation between pressure classes. These updates account for the differences between the RAMP and GRC cost estimates.
- **C170 (CP Install/Replace Impressed Current System):** The forecast methodology in the 2025 RAMP Report for this risk control used a base year approach. In the GRC, this activity was forecasted with a zero-based methodology, which resulted in a higher estimate for 2028 due to increased volumes and an expanded scope of CP capital replacement activities driven by active inventory of areas currently identified as out-of-tolerance.
- **C174 (Service Replacement – Leakage Abnormal Op. Conditions CP Related):** The forecast methodology in the 2025 RAMP Report for this risk control used a base year approach. In the GRC, this activity was forecasted with a five-year average methodology, which resulted in a higher estimate for 2028 (see section IV.F.2).
- **C175 (Residential Meter Protection):** The 2025 RAMP Report did not include costs associated with the snow protection initiative. However, these costs are included in the GRC request for this mitigation. The inclusion of the snow initiative reflects an expanded scope to address meter obstruction and damage risks not previously captured in the 2025 RAMP Report. As a result, the 2028 GRC estimate is higher than the 2025 RAMP amount to more accurately reflect the activities required to mitigate these identified risks.
- **C177 (Main Replacement – Leakage Abnormal Op. Conditions CP Related):** The 2025 RAMP Report reflected costs based on the capitalization policy in effect at the time. However, the GRC request incorporates updated costs resulting from a capitalization policy change. This policy change affects the treatment and allocation of main replacement activities, resulting in a difference between the RAMP and GRC cost estimates. As a result, the GRC forecast more accurately

reflects the current capitalization approach and associated costs for this mitigation (*see* Section IV.E.1.a).

- **C178 (Distribution Leak Survey):** The 2025 RAMP Report included costs associated with ALD, however, there are no costs for ALD included in the GRC request for this risk control. The process of leak survey now includes the ACOR inspection, which was not considered during the 2025 RAMP report. These updates changed the ratio between HP and MP due to different assumptions between the GRC and RAMP report.
- **C002 (Damage Prevention Activities):** The forecast methodology in the 2025 RAMP Report for this risk control was a three-year linear approach. In the GRC, this activity was forecast using a base year forecast approach, which resulted in a lower estimate for 2028.
- **C179 (Distribution Main & Service Leak Repair):** Compared to the 2025 RAMP Report, the TY 2028 GRC forecast for C179 reflects lower units and lower costs. The decrease reflects updated forecast assumptions for leak repair activity, including lower forecasted repair volumes over the forecast period. The lower costs forecast corresponds to the reduced level of forecasted activity.
- **C120 (Distribution Riser Inspection Program (DRIP)):** Compared to 2025 RAMP Report, the TY 2028 GRC forecast for C120 reflects lower units and lower costs. The decrease reflects updated forecast assumptions for DRIP activity, including lower forecasted inspection volumes over the forecast period. The lower costs forecast corresponds to the reduced level of forecasted activity.
- **C121 (Gas Infrastructure Protection Program (GIPP)):** Compared to 2025 RAMP Report, the TY 2028 GRC forecast for C121 reflects higher units and lower costs. The increase in units reflects an updated forecast activity for remaining GIPP mitigations sites. The decrease in costs reflects an updated mix of forecasted mitigation work in TY 2028, including a greater share of standard mitigations relative to the more complex mitigation work forecasted in previous years.
- **C122 (System Sewer Lateral Inspection Project (SLIP)):** Compared to 2025 RAMP Report, the TY 2028 GRC forecast for C122 reflects lower units and

lower costs. The decrease in units reflects refinement of the remaining SLIP inspection scope based on continued records review. The lower costs forecast corresponds to the reduced level of forecasted activity.

- **C129 (Cathodic Protection System Improvement):** Compared to the 2025 RAMP Report, the TY 2028 GRC forecast for C129 reflects an update to the unit of measure from feet to miles. On a comparable basis, the forecasted scope remains generally consistent with the scope reflected in RAMP.
- **C182 (Distribution Risk Evaluation & Monitoring System (DREAMS)):** Compared to the 2025 RAMP Report, the TY 2028 GRC forecast for C182 reflects higher units and higher costs. The increase in units reflects updated planning for DREAMS replacement activity based on current risk assessment information and prioritization of additional higher risk pipeline segments. The increase in costs reflects the updated scope.
- **C004 (Damage Prevention Mapping):** This risk control is driven by the GIS DQI program. GIS DQI is focused on high pressure services through 2027. Beginning in 2028, it is expected to shift to focus on medium pressure pipelines.

D. Feedback from Safety Policy Division and Parties

The Commission's Safety Policy Division (SPD) issued their assessment report on October 10, 2025 regarding the Companies' 2025 RAMP Reports. Parties subsequently served opening and reply comments on November 17, 2025 and December 1, 2025 respectively. Appendix B, 2025 RAMP Report Stakeholder Recommendations and Companies' Response, to the RDF Integration testimony, Ex. SCG-02B/SDGE-02B, appends a summary of the feedback and recommendations received and the Companies' responses.

E. CAVA Integration

Pursuant to Commission decisions in the Climate Adaptation OIR (R.18-04-019), SoCalGas performed a CAVA focused on years 2030, 2050, and 2070, with the aim of identifying asset and operational vulnerabilities to climate hazards across the SoCalGas system. Some of the climate hazards that will have short- and long-term ramifications in the Southern California region include extreme temperatures, wildfire, inland flooding, coastal flooding and erosion, and landslides. Climate change is recognized as a factor that can drive, trigger, or exacerbate multiple RAMP risks. Implementing climate change adaptation measures and

integrating climate vulnerability considerations into RAMP controls and mitigations can enhance system infrastructure longevity and reduce the severity of long-term negative climate impacts. The controls and mitigations described in further detail in this chapter, as shown below, align with the goal of increasing SoCalGas's physical and operational resilience to the increasing frequency and intensity of climate hazards.

TABLE JW-55
Controls and Mitigations that Align with Increasing Resilience to Climate Hazards

Potential Climate Hazard(s)	Relevant ID	Relevant Control/Mitigation	Risk Chapter
Inland Flooding and Landslides	C134	Pipeline Monitoring	High-Pressure Gas System
Inland Flooding, Landslides, and Extreme Temperatures	C135	Electronic Pressure Monitoring (EPM) Installations & Replacements	
Inland Flooding and Landslides	C174	Service Replacements - Leakage Abnormal Operating Conditions CP Related	
Inland Flooding and Landslides	C177	Main Replacements - Leakage Abnormal Operating Conditions CP Related	
Inland Flooding and Landslides	C178	Distribution Leak Survey	
Inland Flooding and Landslides	C179	Distribution Main & Service Leak Repair	
Inland Flooding and Landslides	C120	DIMP - Distribution Riser Inspection Program (DRIP)	Medium-Pressure Gas System
Inland Flooding and Landslides	C134	Pipeline Monitoring	
Inland Flooding, Landslides, and Extreme Temperatures	C135	EPM Installations & Replacements	
Inland Flooding and Landslides	C174	Service Replacements - Leakage Abnormal Operating Conditions CP Related	
Inland Flooding and Landslides	C175	Residential Meter Protection	
Inland Flooding and Landslides	C177	Main Replacements - Leakage Abnormal Operating Conditions CP Related	
Inland Flooding and Landslides	C178	Distribution Leak Survey	

Potential Climate Hazard(s)	Relevant ID	Relevant Control/Mitigation	Risk Chapter
Inland Flooding and Landslides	C179	Distribution Main & Service Leak Repair	
Inland Flooding and Landslides	C182	DIMP - Distribution Risk Evaluation & Monitoring System (DREAMS)	

VI. MOBILEHOME PARK UTILITY CONVERSION PROGRAM – REASONABLENESS REVIEW

SUMMARY

TABLE JW-56
Capital and O&M Mobilehome Park (MHP) Utility Conversion Program
From 2022 through 2025

MHP Program (2022-2025)	Costs Incurred for MHP Projects Completed from 2022 through 2025 ($000s)
Capital	166,466,860
O&M	3,478,043
Total	**169,944,903**

The purpose of this section of my testimony is to establish the reasonableness of $169.9 million ($166.4 million in capital expenditures and $3.5 million in O&M expenditures) incurred in executing the ongoing Mobilehome Park Utility Conversion Program (MHP Program) in accordance with the Commission's stated objective of converting higher-risk master-meter/submeter systems to MHPs or manufactured housing communities to enhance the safety and reliability of MHP communities. These costs were incurred for activities related to the conversion of MHP Projects from 2022 through 2025 pursuant to the MHP Program Decision D.20-04-004[85] In accordance with the directive in D.20-04-004, these costs are being presented here in SoCalGas's GRC. These costs are reasonable and justified in that:

- The activities are consistent with the Commission's approved MHP Program Decision and tariffs, applicable codes and standards established by local, state, and federal authorities, and SoCalGas standards;
- The activities enhance the safety and reliability of Mobilehome Park Communities;

[85] *See* D.20-04-004 (Mobilehome Park Utility Conversion Program).

- The activities are conducted by qualified employees and contractors; and
- The activities support SoCalGas's commitment to enhance public safety and system reliability.

Please also refer to the reasonableness review workpaper, Ex. SCG-04-RRWP.

A. Introduction & Summary of the MHP Utility Conversion Program

My testimony (1) describes the activities and reasonableness of costs recorded by SoCalGas in executing the MHP Program as directed by the Commission in D.20-04-004 (MHP Decision), and (2), in accordance with Ordering Paragraph 8 of the MHP Decision, submits as reasonable the costs reported in SoCalGas's 2026 Mobile Home Park Utility Conversion Program Report.[86] The reasonableness review of costs is limited to recorded costs and excludes program cost forecasts.

As of December 31, 2025, SoCalGas has converted 468 MHPs (35,547 permitted spaces), which is approximately 28% of eligible mobilehome spaces in SoCalGas's territory. Of the 468 MHPs converted to date, 183 MHPs (15,611 permitted spaces) were converted between 2022 and 2025.

B. Procedural Background

On March 13, 2014, the Commission approved and authorized SoCalGas to execute the Program through D.14-03-021. The Program was initiated as a three-year pilot (2015-2017) (Pilot Program) to convert master-metered/sub-metered natural gas and/or electric services to direct utility services for qualified MHPs and manufactured housing communities (collectively "MHPs"). On September 28, 2017, Resolution E-4878 authorized the investor-owned utilities (IOUs) to continue their MHP Pilot Program through December 31, 2019 (Pilot Program Extension). SoCalGas was authorized to complete the initial 10% scope of eligible spaces and convert up to an additional 5% of eligible spaces, bringing the total scope of the three-year Pilot Program and Pilot Extension to 15% of eligible MHP spaces.

On March 18, 2019, the Commission issued Res. E-4958, authorizing SoCalGas to continue its Program for eligible MHPs until the earlier of either December 31, 2021, or the issuance of a Commission Decision for the continuation, expansion, or modification of the

[86] *See* SoCalGas Mobilehome Utility Conversion Program, February 2, 2026 Report, appended hereto as Appendix D.

program beyond December 31, 2021, in Rulemaking (R.) 18-04-018. [87] Eligible MHPs were defined as those where SoCalGas and/or MHP owners had incurred "financial obligations" on or before November 1, 2018. Resolution E-4958 further determined that the number of spaces converted in each of the years 2020 and 2021 may not exceed 3.33% of the total master-metered spaces in a utility's service territory, excluding MHPs that are already under conversion or scheduled for conversion. It further clarified that if a single MHP upgrade would result in the utility exceeding the 3.33% maximum requirement, the utility is authorized to proceed with that upgrade.

On April 16, 2020, the Commission issued D.20-04-004, approving a ten-year Mobilehome Park Utility Conversion Program that will run from 2021 through 2030. Following a new application period established by the Commission during the first quarter of 2020, the Commission's Safety and Enforcement Division (SED) is to provide SoCalGas, on an annual basis, with a list of MHPs comprising approximately 3.33% of eligible master-metered spaces within its service territory for a target 50% conversion by the end of 2030.

On December 23, 2020, the Commission issued a Phase 2 Scoping Memo to further examine ways to protect residents of participating MHPs from unreasonable rent increases or eviction, and to determine whether developing an electrification-ready service standard for these properties was feasible. On August 20, 2021, the Commission issued D.21-08-025, which adopted consumer protection requirements to prevent residents of MHPs participating in the Commission's MHP Program from experiencing unreasonable rent increases or evictions due to infrastructure improvements funded through the Program. Pursuant to D.21-08-025, SoCalGas submitted Advice Letter (AL) 5877 on October 4, 2021, to: 1) update its Sample Forms – Contracts, MHP Utility Conversion Program Agreement (Form 8210) to include consumer protection measures for residents of MHPs participating in the Program: and 2) provide a description of the specific information that participating MHP owners are to provide to residents, as well as a discussion of methods the MHP owners may use to communicate these protections to their residents. AL 5877 was approved by the Commission as of October 25, 2021.[88]

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87 Res. E-4958 at 11 (OP 1).

88 SoCalGas Advice Letter 5877 (October 4, 2021) *available at:* https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4195&flngId=5877&flngStatusCd=Approved.

On December 19, 2024, the Commission issued D.24-12-037, in which it adopted a 200-amp standard for "To-the-Meter" (TTM) and "Beyond-the-Meter" (BTM) connections for MHPs in the existing Utility Conversion Program and implemented mid-program evaluation criteria. Utilities were ordered to comply with the 200-amp standard within nine months of the decision, using the previously established cost recovery method. A report on the appropriateness of the 200-amp standard will be developed by 2030. SoCalGas, while not an electric utility, collaborates with utilities for joint utility parks to meet 200-amp standards. In accordance with the Decision, on September 19, 2025, SoCalGas submitted Advice Letter No. 6534-G to the Commission, incorporating the required 200-amp electric service standard language into the Mobilehome Park Utility Conversion Program Agreement (Form 8210).

On July 3, 2025, SED provided SoCalGas with an updated Mobilehome Park Utility Conversion Program Prioritization List, incorporating new applicants from the 2025 open application period along with re-prioritizations driven by appeals, catastrophic events, and updated risk data. This updated list was intended to support the utility's ongoing outreach efforts without disrupting projects already in planning, permitting, or construction.

The MHP Decision ordered that conversions must be completed on a TTM and BTM basis.[89]

Regarding cost recovery for this Commission-mandated safety and reliability program, the Commission stated:

> *Utilities will be authorized to fully recover the reasonably incurred, actual costs of the conversion program in distribution rates.* Reasonable incremental expenses for program development and administration, not otherwise recovered in rates, should be entered as incurred for annual recovery in the utility's pilot program balancing account. Reasonable expenditures for actual construction costs should be entered as incurred and recovered in the year following cut over to direct utility service. "To the meter" construction costs will be capitalized at the utility's then-current authorized rate of return on rate base, based on actual (not forecast) expenditures. "Beyond the meter" construction costs also will be capitalized based on actual (not forecast) expenditures but, consistent with their status as a regulatory asset, will be amortized over ten years at the utility's then-current authorized return on rate base.[90]

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[89] D.14-03-021 at 75 (OP 2).

[90] *Id.* at 3.

The Commission made provisions for program oversight: annual reports that include specific information must be filed in the first quarter of each year, and the reasonableness of program costs is to be reviewed by the Commission in an after-the-fact reasonableness review. Specifically, the Commission ordered:

> Each electric and/or gas corporation is authorized to fully recover in distribution rates the costs of the conversion program approved in Ordering Paragraph 2, subject to reasonableness review. The following ratemaking is approved: actual, prudently incurred program costs shall be entered in a balancing account for recovery in the first year following cut over of service; "to the meter" construction costs must be capitalized based on actual (not forecast) expenditures at the utility's then-current authorized return on rate base; "beyond the meter" construction costs must be capitalized based on actual (not forecast) expenditures and consistent with their status as a regulatory asset, these costs must be amortized over ten years at a rate equivalent to the utility's then-current authorized return on rate base. Review for reasonableness of "to the meter" costs will occur in the general rate case where those costs are put into rate base. Review for reasonableness of "beyond the meter" costs will occur in the first general rate case after service cut over. [91]

The MHP annual report attached as Appendix D is submitted in the format requested by the Commission's SED. Previous reports were submitted in accordance with D.14-03-021 Ordering Paragraph 10, which directs each electric and/or gas utility to prepare a status report for the Program on February 1 of each year. SoCalGas filed annual status reports on February 1 of each year from 2016 through 2025. In SoCalGas's February 1, 2016 report, SoCalGas provided a timeline for implementing the three-year Pilot Program, its status on the timeline, the number of initial applications received, information on the MHPs to be converted, and the number of spaces to be converted. SoCalGas provided annual updates on implementation progress and preliminary cost assessments for TTM and BTM construction in its February 1 reports from 2017 through 2025. The report attached as Appendix D includes information on the following: (1) a cost accounting for both TTM and BTM construction, and (2) an optional narrative assessment of the Program.

[91] *Id.* at 77 (OP 8).

C. Safety Culture

In D.14-03-021, the Commission states:

> This rulemaking grapples with issues that have proven intractable for decades. Central to them all is how to ensure the safe, reliable and fairly-priced delivery of electricity, natural gas, or both, to the residents of mobilehome parks and manufactured housing communities (collectively, MHPs) located within the franchise areas of electric and/or natural gas corporations, those Commission-regulated entities commonly referred to as public utilities. [92]

As stated in Section III, SoCalGas's longstanding commitment to safety focuses on three primary areas: (1) employee/contractor safety, (2) customer/public safety, and (3) the safety of the gas delivery system. Based on the results of the MHP Program to date, the Commission-approved MHP Program has been successful in enhancing the safety and reliability of gas delivery to residents of MHPs and manufactured housing communities that have participated in the MHP Program. The MHP Program has been an effective means for significantly increasing the number of conversions to direct utility service.

The program team has established a safety policy that supports the Program's safety objectives and aligns with SoCalGas's safety-first foundation. From 2022 through 2025, SoCalGas maintained a strong safety record, with only two reportable incidents across approximately 217 construction projects. This performance reflects significant collaboration between TTM contractors and SoCalGas's internal workforce.

D. Standard Of Review and Other Commission Guidance

This section of my testimony summarizes the applicable standard of review and other applicable Commission guidance.

1. Preponderance of the Evidence Standard

The standard of proof to be applied by the Commission in an after-the-fact reasonableness review is a preponderance of the evidence.[93] Preponderance of the evidence is defined "in terms of probability of truth, *e.g.*, 'such evidence as, when weighed with that

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[92] *Id.* at 3.

[93] A.14-12-016, Assigned Commissioner and Administrative Law Judges' Scoping Memo and Ruling (April 1, 2015) at 5-6; *see also* D.16-12-063 at 8-10; D.14-06-007 at 13.

opposed to it, has more convincing force and the greater probability of truth.'"[94] In other words, SoCalGas "must present more evidence that supports the requested result than would support an alternative outcome."[95]

2. Reasonable Manager Standard

To assess the reasonableness of incurred costs, the Commission applies the reasonable manager standard.[96] To meet this standard, "[t]he act of the utility should comport with what a reasonable manager of sufficient education, training, experience and skills using the tools and knowledge at his disposal would do when faced with a need to make a decision and act."[97] As explained by the Commission, "reasonable and prudent acts do not require perfect foresight or optimum outcomes, but may fall within a spectrum of possible acts consistent with utility needs, ratepayer interests, and regulatory requirements."[98] Under this standard, the Commission holds utilities to "a standard of reasonableness based upon the facts that are known or should be known at the time."[99] In so doing, the Commission looks to the decision-making process and information available to the manager to assess whether the course of action was within the "bounds of reasonableness, even if it turns out not to have led to the best possible outcome."[100] As explained by the Commission, this is to "avoid the application of hindsight in reviewing the reasonableness of a utility decision."[101]

In the case of the MHP Program, the Commission recognized that "the physical conditions at MHP master-meter/submeter systems will vary greatly, depending upon age, type of materials used in prior construction, existing MHP design, terrain and other factors,"[102] and

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94 D.14-06-007 at 13 (citing Witkin, Calif. Evidence, 4th Edition, Vol. 1, 184).

95 D.14-06-007 at 13

96 A.14-12-016, Assigned Commissioner and Administrative Law Judges' Scoping Memo and Ruling (April 1, 2015) at 5-6; *see also* D.16-12-063 at 8-10.

97 *Re Southern California Edison Company (D.90-09-088),* 1990 Cal. PUC LEXIS 847 at *23; 37 CPUC 2d 488 (1990).

98 *Re Pacific Gas and Electric Company*, D.97-08-055 at 109.

99 D.90-09-088 (*supra)* at *22 (citing D.88-03-036 at 5).

100 *Re San Diego Gas and Electric Company* (*D.89-02-074*), 1989 Cal. PUC LEXIS 128 at *267 (Conclusion of Law 3); 31 CPUC 2d 236 (1989).

101 D.90-09-088 (*supra)* at 22.

102 D.14-03-021 at 49.

thus "numerous uncertainties"[103] existed before the MHP Program commenced and will remain true for the duration of the MHP Program.

In D.20-04-004 the Commission "acknowledge[d] that each utility operates under different standards, policies, cost models, and MHP site factors so it is difficult to conduct a like-for-like evaluation among utilities" and rejected proposals to establish cost per space or cost cap limitations given the variable nature of these projects.[104] D.20-04-004 also states that factors influencing costs include: "varying geographical terrain; business models; MHP technical configurations; market conditions; such as terms of contractor bids, material costs, contractor availability, permit costs, and installation complexity"[105] and "high cost MHPs can be justified in some instances based on trench distances, MHP layouts, city/county requirements, location of the MHP, weather impacts, third-party subsurface conflicts, and safety and securing concerns for utility and equipment[.]"[106]

E. Program Organization and Governance Controls

1. Master Meter Balancing Account and Nature of Recorded Costs

The Master Meter Balancing Account (MMBA) was authorized by Advice Letter 4643-G on June 25, 2014. SoCalGas records to the MMBA the TTM costs, including utility and contracted labor costs, purchased services and materials, and trenching and paving. Utility labor costs encompass civil construction, meter installation, gas service activation, legacy system purging, master meter removal, and the procurement and storage of materials. TTM costs also include MHP Program management costs, which are inclusive of: Program Outreach, such as primary customer contact and coordination before, during, and after construction activities in accordance with the Commission-reviewed statewide Outreach Plan; Program Construction Management, which includes construction management and planning; and PMO activities which include program strategy, project controls during the project life cycle, regulatory reporting, and the MHP Program's finance, budgeting, and accounting functions. PMO activities also include communicating progress to various stakeholders.

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[103] *Id.*

[104] D.20-04-004 at 26.

[105] *Id.* at 162 (Finding of Fact (FOF) 104).

[106] *Id.* at 163 (FOF 111).

SoCalGas also recorded BTM costs associated with connecting new utility service from the meter to the mobilehome. BTM work is performed by contractors selected by MHP owners/operators[107] and is not directly managed or controlled by SoCalGas. However, consistent with Commission expectations regarding cost reasonableness, SoCalGas provides oversight to support cost containment by requiring MHP owners/operators to submit three contractor bids using standardized bid templates with detailed cost breakdowns. In accordance with Commission guidance, the lowest-cost bid is expected unless special circumstances apply, in which case justification must be provided. The regulatory accounting treatment of costs recorded to the MMBA is discussed in the Regulatory Accounts testimony (Ex. SCG-21).

2. Program Management

SoCalGas's MHP Program management team implemented a series of tools and controls to enable the identification of risks and issues that could negatively impact scope, schedule, or cost. These practices include the following:

a. Experienced Management Staff

To implement the MHP Program, SoCalGas formed an organization led by management personnel experienced in each of the core competencies required by the MHP Program (*i.e.*, Program Outreach, Planning and Construction, PMO Governance, and Finance).

The responsibilities of each workstream in the MHP Program organization are briefly described as follows:

- **Customer Outreach and MHP Account Management:** The SoCalGas Outreach team is responsible for outreach and education to the impacted communities, the MHPs, and the residents before, during, and after the execution of the program and individual projects. To promote efficient and streamlined project execution, the Outreach team works closely with the Planning and Construction Management team to assess and resolve project risks and issues. Additionally, Account Management executives work closely with MHP Owners/Operators to implement project-driven outreach and education plans that comply with the statewide MHP Utility -Conversion Program Outreach and Education Plan.

[107] *Id.* at 115.

- **Planning and Construction Management:** The SoCalGas Planning and Construction team manages the design through construction components of the MHP utility conversions.
  - ***Planning:*** The Planning team assesses each individual project and designs the new gas distribution system per SoCalGas's standards.
  - ***Construction Management:*** The Construction Management team consists of project managers and inspectors responsible for reviewing and assessing to-the-meter work performed in the MHPs. The construction management team manages the schedule, scope, and budget of each individual project. While the construction management team does not manage the BTM construction work performed by MHP owner/operator-selected contractors, it reviews the scope and costs of BTM bids and coordinates with the BTM contractor regarding meter locations and procedures for interconnection and turn-on at each mobilehome.
- **PMO:** The PMO defines and maintains standards of project management and compliance within the MHP Program.
  - ***Governance:*** As part of the PMO, the Governance team is responsible for establishing and implementing program controls and processes needed to execute the MHP Program. This includes risk management, issue management, schedule management, change management, monitoring of key performance indicators (KPIs), project reporting, and business process design.
  - ***Finance:*** The Finance team, also part of the PMO, is responsible for establishing and implementing cost and budget controls to confirm accurate cost tracking. Activities include cost accounting and invoice processing, change management, budgeting, and financial reporting.

b. MHP Program's Ongoing Efforts To Minimize Project Execution Costs

The procurement of services (construction contractors, design, etc.) is the largest individual category of MHP Program expenditures. Approximately 50% of MHP Program costs are for purchased services and materials. As such, an important aspect of the prudent execution

of the MHP Program is sourcing and retaining capable contractors and vendors at reasonable rates. In an effort to control program costs through pre-negotiated rates, SoCalGas and Southern California Edison Company (SCE) jointly conducted a competitive solicitation for TTM construction activities within their service territories to identify and select qualified and licensed construction contractors. Contractors experienced in performing the type of work required for MHP projects were selected by an experienced team of construction management and sourcing employees from both SoCalGas and SCE. Using a competitive bid process, SoCalGas and SCE awarded Program Master Service Agreements to seven contractors.

- **Partnerships/Cost Saving/Trench Splitting:** When appropriate, and especially in areas where service territory overlaps, SoCalGas collaborates closely with other utilities and shares applicable MHP Program conversion costs, such as trenching costs. This coordinated approach has resulted in 84% of MHPs (393 of 468) being jointly converted by December 31, 2025, including 139 jointly converted parks out of 183 between 2022-2025. This collaboration has enabled customers of both utilities to share the costs of civil construction. SoCalGas estimates this joint conversion rate will increase as the MHP Program continues.
- **Project Monitoring:** SoCalGas's MHP Construction Management team oversees TTM construction activities to confirm that work is safely performed in accordance with project scope, schedule, and budget. Each project is assigned to a project manager and inspector responsible for reviewing and assessing the activities of the TTM contractor. At the onset of each project, the project managers and inspectors hold a pre-construction meeting with the selected contractor to review project details, reporting requirements, safety protocols, and other deliverables. The inspector performs frequent monitoring, and changes, issues, or questions that arise are promptly addressed by the project inspector and/or project manager.
- **Estimation:** SoCalGas tracks the costs of construction for each project through internal Work Order Authorizations (WOAs), which are used to track actual costs against the original estimate of total project costs. Costs exceeding estimates require further review and approval through reauthorization.

- **Invoice Validation:** Each invoice for TTM or BTM work is reviewed by the program's Construction Project Managers to validate that work has been completed in accordance with contractual agreements at the negotiated rates and within authorized limits.
- **Project Close-Out/Quality Assurance:** SoCalGas performs reconciliation and quality assurance following completion of every project to affirm that: (1) records in support of both program and project compliance are reviewed; (2) oversight was provided for project decisions and/or associated changes that occurred; (3) documents are stored in centralized repositories for proper records management; and (4) when final costs have been recorded, total project financial records are reviewed for validity and compared against estimates.
- **Program Monitoring:** SoCalGas produces regular financial and schedule reporting for its management teams to allow continuous oversight over the program, to monitor project progress, and enable early identification of risks and issues impacting schedule and costs.
- **Policies and Procedures:** SoCalGas established a Program Governance Plan (PGP) to document the MHP Program's guidelines and core processes and to facilitate uniformity of repeatable processes. The PGP and its supporting documentation are periodically updated to reflect lessons learned from MHP Program activities. Additionally, the PGP documents major decisions, including alternatives considered, that impact program activities.
- **Clarity of Engagement Scope:** SoCalGas strives to maintain clearly-defined program goals with contributing and impacted program stakeholders by working closely with MHP owners/operators through focused outreach efforts to clarify MHP Program components and the commitments required to reduce the risk of ambiguity in covered and non-covered costs. Through outreach efforts, SoCalGas works with MHP owners/operators to seek multiple bids for BTM activities, thereby promoting cost awareness and competition. SoCalGas also provides workshops for BTM contractors to promote awareness of the program, including its components and goals, and engages them throughout the planning process,

inviting their participation in MHP site walks to more accurately estimate the scope, schedule, and budget.

- **Communication and Guidance:** SoCalGas fosters open channels of communication with external program stakeholders, including the Commission's Safety and Enforcement Division (SED), the California Department of Housing and Community Development (HCD), and other local and state entities to promote awareness of the program, share observations and findings, seek guidance, and provide information to better coordinate activities such as inspections.
- **Safety Record:** Safety is a primary driver of the SoCalGas MHP Program and one of its KPIs. The program team consulted with SoCalGas's Safety and Wellness department and other Major Projects teams to establish a safety policy that meets the program's safety objectives and aligns with SoCalGas's safety-first foundation. Additionally, SoCalGas continues to work with SED to review projects, as requested. SoCalGas's MHP Program annual safety statistics are summarized in Table JW-57 below.

TABLE JW-57
SoCalGas MHP Utility Conversion Program Safety Statistics

Incident Type	2022	2023	2024	2025
Lost Time Injury (LTI)	0	0	0	0
OSHA Recordable	0	0	0	1
Controllable Motor Vehicle Incident (CMVI)	1	0	0	0

- **Continuous Improvement:** Consistent with SoCalGas's ongoing commitment to continuous improvement, SoCalGas continually evaluates and implements improvements to its MHP Program processes. Though not exhaustive, the following are examples of continuous improvements applied through program implementation:
  - Organizational changes to improve planning and estimation at the onset of individual projects;
  - Organizational changes to support sufficient regional coverage and address workload and geographical spread;

- Improving cost controls through adoption and improvement of unit-based tasking with TTM contractors and bid and bid-review templates for BTM contractors;
- Introduction and adaptation of change management and close-out processes;
- Working closely with each MHP owner/operator to adapt the Outreach and Education Plan to best suit their needs and minimize project issues;
- Regularly cadenced joint meetings with partner utilities to discuss project schedules, risks, and issues; and
- Development of multiple MHP owner/operator funding options for BTM costs (*i.e.,* payment assignment) to further encourage participation.

Through continuous efforts to improve existing processes and implement these changes, the efficiency and cost-effectiveness of future MHP Program projects are also enhanced.

3. Preliminary Cost Summary

As directed by the MHP Decision, on February 1, 2026, SoCalGas filed its eleventh Annual MHP Utility Conversion Program Report, which summarizes the MHP Program's preliminary findings and includes: (1) a program timeline and progress towards that timeline; and (2) a preliminary quantification of construction costs recorded per space, with TTM and BTM costs of conversions incurred from January 1, 2022 through December 31, 2025, identified separately.[108] These costs are summarized in Table JW-58.

The costs are labeled preliminary because, consistent with Safety Enforcement Division (SED) instructions, costs are reported based on project financial closure rather than strictly by reporting year. While the majority of costs are recorded when a project is deemed financially complete, trailing charges may be incurred afterward and subsequently attributed back to the original closure year. As a result, prior-year totals may change in subsequent reports, and the amounts remain preliminary until all trailing costs are fully captured.

[108] *See* SoCalGas MHP Utility Conversion Program Report (February 1, 2026) included herein as Appendix D.

TABLE JW-58
SoCalGas MHP Program Preliminary Costs
from 01/01/2022 through 12/31/2025

SoCalGas MHP Program Preliminary Costs (In $)	
"To-the-Meter" (TTM)	
Contractor Costs	
Civil/Trenching	39,648,772
Gas System	
Labor	20,365,721
Materials/Structures	6,162,610
Program Management Costs	
Program Management Office (PMO)	3,237,031
Outreach	2,974,758
Construction Management (CM)	20,089,688
Other TTM Costs	
Labor	13,468,774
Non-Labor	28,192,558
Property Taxes	359,152
AFUDC	1,224,391
Subtotal TTM Costs	**135,723,455**
"Beyond-the-Meter" (BTM) Contractor Costs	
Gas System	
Labor	19,332,917
Materials/Structures	11,199,993
Other109	3,688,537
Subtotal BTM Costs	**34,221,447**
Total Preliminary Costs	**169,944,902**

Table JW-58 details preliminary costs for each of the following categories:

- TTM Contractor Costs, which include contractor costs for TTM activities, such as trenching and paving, which are often shared with other participating electric utilities where service territories overlap.[110]
- Program Management Costs, which comprise:

[109] Includes City, Local Enforcement Agency and/or HCD fees.

[110] *I.e.,* Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company.

- PMO Costs, which include overall Program Management (*e.g.,* Program strategy, risk management, change management, schedule management) and the Program's Finance functions;
- Construction Management Costs, which include construction project management; preliminary planning and full design activities; planners and designers who perform work for multiple parks; Project Managers, Construction Contractor Administration staff, and other support personnel who also perform work at multiple construction sites; and
- Outreach activities, which include primary customer and stakeholder contact and coordination before, during, and after construction, consistent with the Commission-approved statewide Outreach Plan.

- Program Management Costs are tracked separately by TTM costs and BTM contractor costs and allocated to each MHP as part of the project close-out process, based on the number of spaces converted. Other TTM Costs: This includes the costs of company labor in support of the program, including TTM work for selected MHPs, setting meters and turning on gas service, purging the legacy system, removal of the master meter, as well as the procurement and warehousing of materials.
- BTM Contractor Costs, which are costs reimbursed to the MHP owner/operator to perform BTM construction work. BTM contractors are selected by the MHP owner/operator.

The above costs are fully loaded and include Company overheads consisting of Payroll Tax, Incentive Compensation Plan, Pension and Benefits, Worker's Compensation, Vacation and Sick, Personal Liability and Property Damage Overhead, Purchasing, Warehouse, Shop Overhead, Small Tools, and Administrative and General capital. The overheads applied to the program are driven by incremental costs incurred from implementing the MHP Program.

See Appendix D for the Mobilehome Park Utility Conversion Program Annual Report,[111] dated February 1, 2026. The Annual Report includes cumulative costs from program inception, encompassing costs previously submitted for recovery, including in SoCalGas's TY 2024 GRC,

[111] The Annual Report includes ~$2.1M in pension and benefit costs that are not captured in the Master Meter Balancing Account for recovery; these costs are captured by SoCalGas separately for recovery.

and trailing costs not included in the 2024 GRC due to timing. Recovery of these trailing costs, as well as any cost adjustments resulting from the ongoing audit by the Commission's Utility Audit Branch, will be addressed in a future application.[112]

The observed preliminary average per-space cost for the period ending December 31, 2025, is summarized in Table JW-59.

TABLE JW-59
SoCalGas MHP Program Preliminary Average Per-Space Cost
from January 1, 2022 through December 31, 2025

	Average Cost Per Space	Spaces Converted
TTM	$9,065	14,973
BTM	$2,326	14,710
Total Average Cost Per Space	$11,391	

SoCalGas's average cost per space is reasonable and aligns with the Commission's conclusion in D.20-04-004[113] which noted that MHP conversion costs varied widely across utilities, from approximately $11,530 per space at the low end to more than $37,000 per space. While the Commission did not establish a strict cost-per-space benchmark and cautioned against reliance on soft cost targets to assess reasonableness, SoCalGas's current average cost per space is at or below the low end of the range identified in the Staff Evaluation.

VII. CONCLUSION

SoCalGas requests that the Commission adopt its TY 2028 forecast of $261,179,000 for Gas Distribution O&M expenses, representing a $18,496,000 increase from 2025 costs. This increase is primarily driven by a return to normalized and sustained leak repair and restoration activity, coupled with rising prices for essential tools, fittings, and materials needed to support field operations, and incremental service maintenance required to address aging infrastructure and reduce public-safety risks.

SoCalGas further requests that the Commission adopt its capital forecast as reflected in Appendix C. The primary factors influencing the capital forecast are anticipated increases in DIMP Project Execution, Main & Service Replacements, Meter Protection, and CP.

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[112] SoCalGas is awaiting the results of the audit ordered in D.24-12-074 and, if necessary, will update the information presented herein at the earliest appropriate opportunity based on those results.

[113] D.20-04-004 at 162-163 (FOF 106).

The forecast expenditure supports SoCalGas's overarching objective of maintaining operational excellence while providing safe, reliable natural gas delivery at a reasonable cost to customers. The Commission should find this request reasonable. The activities funded by these requests:

- Maintain and enhance safety;
- Reflect local, state, and federal regulatory and legislative requirements;
- Maintain overall system integrity and reliability;
- Respond to customer demand;
- Comply with franchise obligations; and
- Maintain and strengthen a qualified workforce.

In addition, my testimony establishes the reasonableness of $169.9 million ($166.4 million in capital expenditures and $3.5 million in O&M expenditures) incurred from 2022 through 2025 in executing the ongoing Mobilehome Park Utility Conversion Program (MHP Program). These costs directly support the Commission's stated objective of converting higher-risk master-meter/submeter systems to MHPs or manufactured housing communities to enhance the safety and reliability of MHP communities.[114] In accordance with the reasonable manager standard, SoCalGas designed and executed the MHP Program to enhance the safety and reliability of utility service to the many MHP communities that have participated in the Program while maintaining reasonable conversion costs through prudent planning and oversight.

SoCalGas's TY 2028 forecast is a reasonable estimate of future requirements and should be adopted by the Commission.

This concludes my prepared direct testimony.

[114] D.14-03-021 at 75 (OP 3).

VIII. WITNESS QUALIFICATIONS

My name is Jennifer L. Walker. My business address is 555 W 5th Street, Los Angeles, CA 90013. I am employed by SoCalGas as the Vice President of Gas Distribution. I have been in my current position since June of 2025. I received a Bachelor of Science degree in Chemical Engineering from University of Southern California in December of 2000. I also earned a Master of Business Administration from University of Southern California in 2014. From 1998 to the present, I have been employed by SoCalGas, holding positions of increasing responsibility in various departments, including Engineering & Planning, Customer Service, Gas Distribution, Human Resources, Gas Control & System Planning, and Pipeline Safety & Compliance.

I have not previously testified before the California Public Utilities Commission.

APPENDIX A
GLOSSARY OF TERMS

APPENDIX A

Glossary of Terms

ACRONYM	DEFINITION
ACOR	Atmospheric Corrosion
AMI	Advanced Metering Infrastructure
AMO	Advanced Meter Operations
ALD	Aerial Leak Detection
ALR	Anodeless Risers
AMO	Advanced Meter Operations
BCR	Benefit Cost Ratio
BSRP	Bare Steel Replacement Plan
BTM	Beyond-the-Meter
CAB	Cellulose Acetate Butyrate
CARB	California Air Resources Board
CAVA	Climate Adaptation Vulnerability Assessment
CCM	Control Center Modernization
CGI	Can't Get In
CMVI	Controllable Motor Vehicle Incident
CO	Collectible
CoRE	Consequence of Risk Event
CP	Cathodic Protection
CPE	Cathodic Protection Effectiveness
CP SIP	Cathodic Protection System Improvement Plan
CPUC	California Public Utilities Commission
CSF	Customer Services Field
DOC	District Operations Clerk
DCU	Data Collector Unit
DIMP	Distribution Integrity Management Program
DOT	Department of Transportation
DREAMS	Distribution Risk Evaluation and Monitoring Systems
DRIP	Distribution Riser Inspection Project
DRS	District Regulator Station
DQI	Data Quality Improvement
EOC	Emergency Operations Center
EPM	Electronic Pressure Monitor
ERM	Enterprise Risk Management
FR	Flame-Resistant
FSSE	Field Service Strategy & Enhancement
FSR	First Stage Regulation
GEMS	Gas Energy Measurement System
GESI	Gas Engineering & System Integrity
GIPP	Gas Infrastructure Protection Project

ACRONYM	DEFINITION
GIS	Geographic Information System
GNSS	Global Navigation Satellite System
HP	High Pressure
ICS	Incident Command System
IRV	Internal Relief Valve
KPI	Key Performance Indicators
LoRE	Likelihood of Risk Event
LPCMA	Litigated Project Costs Memorandum Account
LTI	Lost Time Injury
MAOP	Maximum Allowable Operating Pressure
MDT	Mobile Data Terminal
MHP	Mobilehome Park
MP	Medium Pressure
M&R	Measurement & Regulation
MSA	Meter Set Assembly
MSAi	Meter Set Assembly Inspection
MTU	Meter Transmission Unit
MUR	Map Update Request
NGLAP	Natural Gas Leak Abatement Program
NC	Non-Collectible
NSOTA	Non-State-of-the-Art
O&M	Operations & Maintenance
PAAR	Projects and Activities to Address Risk
PGP	Program Governance Plan
PMC	Planned Meter Changeout
PMO	Projects and Programs Management Office
RDF	Risk-Based Decision-Making Framework
RFP	Request for Proposal
RNG	Renewable Natural Gas
GNSS	Global Navigation Satellite System
QRA	Quantitative Risk Assessment
RAMP	Risk Assessment Mitigation Phase
RMPP	Residential Meter Protection Project
RSAR	Risk Spending Accountability Report
RTK	Real-Time Kinematic
SB	Senate Bill
SED	Safety and Enforcement Division
SOTA	State-Of-The-Art
SLIP	Sewer Lateral Inspection Program
SPD	Safety Policy Division
S&P Global Regional	Standard and Poor Global Regional
TTM	To-the-Meter

ACRONYM	DEFINITION
USA	Underground Service Alert
VIPP	Vintage Integrity Plastic Plan
WOA	Work Order Authorization
WMPNG	Work Management Program Next Generation
WMPNG-FSD	Work Management Program Next Generation – Field Service Delivery

APPENDIX B

CONTROLS AND MITIGATIONS COMPLIANCE DRIVER ROADMAP

APPENDIX B

Controls and Mitigations Compliance Driver Roadmap

The table below indicates the compliance drivers that underpin Risk Controls/Mitigations identified in testimony.

Control/ Mitigation ID	Control/Mitigation Name	Compliance Driver
C002	Damage Prevention Activities	49 CFR § 192, CPUC GO-112F, California Gov Code 4216
C004	Damage Prevention Mapping	N/A
C103	Cathodic Protection Base Activities	49 CFR Subpart I, CPUC GO 112-F
C106	Cathodic Protection-CP10 Activities	49 CFR Subpart I, CPUC GO 112-F
C116	M&R Station and EPM Inspection and Maintenance	49 CFR Subpart M, CPUC GO 112-F
C120	Distribution Riser Inspection Program (DRIP)	49 CFR Subpart P
C121	Gas Infrastructure Protection Program (GIPP)	49 CFR Subpart P
C122	Sewer Lateral Inspection Program (SLIP)	49 CFR Subpart P
C123	Regulator Station Replacement	49 CFR Subpart L
C129	Cathodic Protection System Improvement	49 CFR Subpart P
C130	MSA Inspection and Maintenance	49 CFR Subpart I, CPUC GO 112-F
C134	Pipeline Monitoring	49 CFR § 192
C135	EPM Installations & Replacements	49 CFR § 192, CPUC GO 112-F
C170	CP Install/Replace Impressed Current Systems	49 CFR Subpart I, CPUC GO 112-F
C174	Service Replacements – Leakage Abnormal Op. Conditions CP Related	49 CFR Subpart L, CPUC GO 112-F
C175	Residential Meter Protection	49 CFR Subpart H
C177	Main Replacements – Leakage Abnormal Op. Conditions CP Related	49 CFR Subpart L
C178	Distribution Leak Survey	49 CFR Subpart M
C179	Distribution Main & Service Leak Repair	49 CFR Subpart M
C182	Distribution Risk Evaluation & Monitoring System (DREAMS)	49 CFR § 192

REVISED APPENDIX C

CAPITAL EXPENDITURES

Southern California Gas Company
Capital Expenditures
(In Thousands of 2025 $)

Gas Distribution	2026	2027	2028	2029	2030	2031
Total Capital	**563,001**	**639,910**	**689,250**	**687,022**	**690,899**	**691,270**
2026 - 2028 Capital Request	563,001	639,910	689,250	-	-	-
Post-Test Year Capital Forecast	-	-	-	687,022	690,899	691,270

Southern California Gas Company
Capital Expenditures
(In Thousands of 2025 $)

Gas Distribution
2026 - 2028 Capital Request

Category	Workpaper Sub	Workpaper Description	In-Service Date	2026	2027	2028
New Business Construction	001510.001	New Business Construction	Routine	23,559	28,314	30,142
	001510.002	New Business Construction	Routine	-5,469	-11,037	-14,183
New Business Construction Total				**18,090**	**17,277**	**15,959**
Measurement & Regulation Devices	001630.001	Meters	Routine	32,202	33,745	34,013
	001640.001	Regulators	Routine	7,568	7,673	7,714
	001810.001	Electronic Pressure Monitors (EPM)	Routine	703	702	702
	002800.001	Gas Energy Measurement System (GEMS)	Routine	1,042	1,041	1,041
Measurement & Regulation Devices Total				**41,515**	**43,161**	**43,470**
Remote Meter Reading	001680.001	Remote Meter Reading	Routine	962	939	4,586
Remote Meter Reading Total				**962**	**939**	**4,586**
Cathodic Protection Capital	001730.001	Cathodic Protection Capital	Routine	24,312	24,308	27,062
Cathodic Protection Capital Total				**24,312**	**24,308**	**27,062**
Main Replacement	002520.001	Main Replacement	Routine	27,841	28,234	37,163
Main Replacement Total				**27,841**	**28,234**	**37,163**
Service Replacement	002560.001	Service Replacement	Routine	3,351	3,363	3,617
	002560.002	Service Replacement	Routine	60,847	61,067	65,680
Service Replacement Total				**64,198**	**64,430**	**69,297**
Main & Service Abandonments	002540.001	Main & Service Abandonments	Routine	14,576	14,560	14,557
Main & Service Abandonments Total				**14,576**	**14,560**	**14,557**
Pipeline Relocation	002610.001	Pipeline Relocation	Routine	297	297	297
	002610.002	Pipeline Relocation	Routine	29,977	29,965	29,962
Pipeline Relocation Total				**30,274**	**30,262**	**30,259**
Meter Protection	002640.001	Meter Protection	Routine	3,016	9,040	21,062
Meter Protection Total				**3,016**	**9,040**	**21,062**
Regulator Station	002650.001	Regulator Station	Routine	11,711	11,705	11,704
Regulator Station Total				**11,711**	**11,705**	**11,704**
Other Distribution Capital Projects	002700.001	Other Distribution Capital Projects	Routine	3,511	3,509	3,508
	002700.002	Other Distribution Capital Projects	Routine	11,754	11,745	11,743
Other Distribution Capital Projects Total				**15,265**	**15,254**	**15,251**
DIMP Project Execution	002770.001	DIMP - Project Execution	Routine	193,948	260,920	263,151
DIMP Project Execution Total				**193,948**	**260,920**	**263,151**
Capital Tools & Equipment	007250.001	Capital Tools & Equipment	Routine	9,455	9,453	9,453
Capital Tools & Equipment Total				**9,455**	**9,453**	**9,453**
Capital Execution & Engineering	009030.001	Capital Execution & Engineering	Routine	107,838	110,367	126,276
Capital Execution & Engineering Total				**107,838**	**110,367**	**126,276**
Grand Total				**563,001**	**639,910**	**689,250**

Southern California Gas Company
Capital Expenditures
(In Thousands of 2025 $)

Gas Distribution
Post-Test Year Capital Forecast

Category	Workpaper Sub	Workpaper Description	In-Service Date	2026	2027	2028	2029	2030	2031
New Business Construction	001510.001	New Business Construction	Routine	0	0	0	29,891	30,051	30,426
	001510.002	New Business Construction	Routine	0	0	0	-14,183	-14,183	-14,183
New Business Construction Total				**0**	**0**	**0**	**15,708**	**15,868**	**16,243**
Measurement & Regulation Devices	001630.001	Meters	Routine	0	0	0	34,267	35,315	35,192
	001640.001	Regulators	Routine	0	0	0	7,715	7,989	7,919
	001810.001	Electronic Pressure Monitors (EPM)	Routine	0	0	0	702	702	702
	002800.001	Gas Energy Measurement System (GEMS)	Routine	0	0	0	1,041	1,041	1,041
Measurement & Regulation Devices Total				**0**	**0**	**0**	**43,725**	**45,047**	**44,854**
Remote Meter Reading	001680.001	Remote Meter Reading	Routine	0	0	0	435	435	435
Remote Meter Reading Total				**0**	**0**	**0**	**435**	**435**	**435**
Cathodic Protection Capital	001730.001	Cathodic Protection Capital	Routine	0	0	0	29,818	31,349	31,349
Cathodic Protection Capital Total				**0**	**0**	**0**	**29,818**	**31,349**	**31,349**
Main Replacement	002520.001	Main Replacement	Routine	0	0	0	37,164	37,163	37,163
Main Replacement Total				**0**	**0**	**0**	**37,164**	**37,163**	**37,163**
Service Replacement	002560.001	Service Replacement	Routine	0	0	0	3,617	3,617	3,617
	002560.002	Service Replacement	Routine	0	0	0	65,681	65,681	65,680
Service Replacement Total				**0**	**0**	**0**	**69,298**	**69,298**	**69,297**
Main & Service Abandonments	002540.001	Main & Service Abandonments	Routine	0	0	0	14,557	14,557	14,557
Main & Service Abandonments Total				**0**	**0**	**0**	**14,557**	**14,557**	**14,557**
Pipeline Relocation	002610.001	Pipeline Relocation	Routine	0	0	0	297	297	297
	002610.002	Pipeline Relocation	Routine	0	0	0	29,963	29,962	29,962
Pipeline Relocation Total				**0**	**0**	**0**	**30,260**	**30,259**	**30,259**
Meter Protection	002640.001	Meter Protection	Routine	0	0	0	21,063	21,062	21,062
Meter Protection Total				**0**	**0**	**0**	**21,063**	**21,062**	**21,062**
Regulator Station	002650.001	Regulator Station	Routine	0	0	0	11,704	11,704	11,704
Regulator Station Total				**0**	**0**	**0**	**11,704**	**11,704**	**11,704**
Other Distribution Capital Projects	002700.001	Other Distribution Capital Projects	Routine	0	0	0	3,508	3,508	3,508
	002700.002	Other Distribution Capital Projects	Routine	0	0	0	11,743	11,743	11,743
Other Distribution Capital Projects Total				**0**	**0**	**0**	**15,251**	**15,251**	**15,251**
DIMP Project Execution	002770.001	DIMP - Project Execution	Routine	0	0	0	263,155	263,153	263,151
DIMP Project Execution Total				**0**	**0**	**0**	**263,155**	**263,153**	**263,151**
Capital Tools & Equipment	007250.001	Capital Tools & Equipment	Routine	0	0	0	9,453	9,453	9,453
Capital Tools & Equipment Total				**0**	**0**	**0**	**9,453**	**9,453**	**9,453**
Capital Execution & Engineering	009030.001	Capital Execution & Engineering	Routine	0	0	0	125,431	126,300	126,492
Capital Execution & Engineering Total				**0**	**0**	**0**	**125,431**	**126,300**	**126,492**
Grand Total				**0**	**0**	**0**	**687,022**	**690,899**	**691,270**

REVISED APPENDIX D
2026 MHP ANNUAL REPORT

(PUBLIC)



Revised Mobilehome Park Utility Conversion Program

Annual Report

September 30, 2026

SOCALGAS MOBILEHOME PARK UTILITY CONVERSION PROGRAM

FEBRUARY 2, 2026 ANNUAL REPORT

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SOCALGAS MOBILEHOME PARK UTILITY CONVERSION PROGRAM

FEBRUARY 2, 2026 ANNUAL REPORT

1. Executive Summary

As detailed in this Report, Southern California Gas Company ("SoCalGas") continues to successfully implement the Mobilehome Park ("MHP") Utility Conversion Program ("Program"). As of December 31, 2025, SoCalGas has converted[1] 468 mobilehome parks (covering 35,547[2] permitted spaces), which is approximately 28% of eligible mobilehome spaces in SoCalGas' service territory.

2. Relevant Procedural History

On March 13, 2014, the California Public Utilities Commission ("Commission") approved and authorized SoCalGas to execute the Program through Decision (D.) 14-03-021. The Program was initiated as a three-year pilot (2015-2017) ("Pilot Program") to convert master-metered/sub-metered natural gas and/or electric services to direct utility services for qualified mobilehome parks and manufactured housing communities (collectively "MHPs"). On September 28, 2017, Resolution E-4878 authorized the investor-owned utilities ("IOUs") to continue their MHP Pilot Programs through December 31, 2019 ("Pilot Program Extension").[3] SoCalGas was authorized to complete the initial 10% scope of eligible spaces and convert up to an additional 5% of eligible spaces, bringing the total scope of the three-year Pilot Program and Pilot Program Extension to 15% of eligible MHP spaces.

On March 18, 2019, the Commission issued Resolution E-4958, authorizing SoCalGas to continue its Program for eligible MHPs until the earlier of either December 31, 2021 or the issuance of a Commission Decision for the continuation, expansion, or modification of the program beyond December 31, 2021 in Rulemaking (R.) 18-04-018.[4] Eligible MHPs were defined as those where SoCalGas and/or MHP owners had incurred "financial obligations" on or before November 1, 2018. Resolution E-4958 further determined the number of spaces converted in each of years 2020 and 2021 may not exceed 3.33% of the total master-metered spaces in a utility's service territory, excluding MHPs that are already under conversion or scheduled for conversion. It further clarified that if a single MHP upgrade would result in the utility exceeding the 3.33% maximum requirement, the utility is authorized to proceed with that upgrade.

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1 "Converted" MHPs are those where System Cutover has occurred and the Master Meter has been removed.

2 Permit to Operate(PTO) counts may not represent actual spaces in scope for conversion.

3 Resolution E-4878, ordering paragraph (OP) 7.

4 Resolution E-4958, OP 1.

On April 16, 2020, the Commission issued D.20-04-004, approving a ten-year Mobilehome Park Utility Conversion Program from 2021 through 2030. Following a new application period established by the Commission during the 1st quarter of 2020, SED is to provide SoCalGas, on an annual basis, with a list of MHPs comprising approximately 3.33% of eligible master-metered spaces within its service territory for a target 50% conversion by the end of 2030.

On December 23, 2020, the Commission issued a Phase 2 Scoping Memo to further examine ways to protect residents of participating MHPs from unreasonable rent increases or evictions based on program participation and determine whether the development of an electrification-ready service standard for participating MHPs was appropriate or feasible. On August 20, 2021, the Commission issued D.21-08-025, which adopted consumer protection requirements to keep residents of MHPs participating in the Commission's MHP Program from experiencing unreasonable rent increases or evictions based on infrastructure improvements funded through the Program. Pursuant to D.21-08-025, SoCalGas submitted Advice Letter (AL) 5877 on October 4, 2021 to: 1) update its Sample Forms - Contracts, Mobilehome Park (MHP) Utility Conversion Program (MHP Program or Program) Agreement (Form 8210) to include consumer protection measures for residents of MHPs participating in the Program: and 2) provide a description of the specific information that participating MHP owners are to provide to residents, as well as a discussion of methods the MHP owners may use to communicate these protections to their residents. AL 5877 was approved by the Commission on October 25, 2021.

On December 19, 2024, the Commission issued D.24-12-037 in which it adopted a 200-amp standard for "To-the-Meter" (TTM) and "Beyond-the-Meter" (BTM) connections for MHPs in the existing Utility Conversion Program and implemented mid-program evaluation criteria. Utilities were ordered to comply with the 200-amp standard within nine months from the decision using the cost recovery method previously established. A report on the 200-amp standard's appropriateness will be developed by 2030. SoCalGas, while not an electric utility, collaborates with utilities for joint utility parks to meet 200-amp standards. In accordance with the Decision, on September 19, 2025, SoCalGas submitted Advice Letter No. 6534-G to the Commission incorporating the required 200-amp electric service standard language into the Mobilehome Park Utility Conversion Program Agreement (Form 8210).

On July 3, 2025, SED provided SoCalGas with an updated Mobilehome Park Utility Conversion Program Prioritization List, incorporating new applicants from the 2025 open application period along with re-prioritizations driven by appeals, catastrophic events, and updated risk data. This updated list was intended to support the utility's ongoing outreach efforts, without disrupting projects already in planning, permitting, or construction phases.

This report is submitted in the format requested by the Commission's Safety and Enforcement Division ("SED").[5] Previous reports were submitted in accordance with D.14-03-021 Ordering Paragraph (OP) 10, which directs each electric and/or gas utility to prepare a status report for the Program on February 1 of each year. SoCalGas filed annual status reports on February 1 of

[5] The request was made in a December 21, 2018 e-mail from Fred Hanes of the CPUC's SED to the official service list for R. 18-04-018.

each year from 2016 through 2025. In SoCalGas' February 1, 2016 report, SoCalGas provided a timeline for implementation of the three-year Pilot Program, its status on the timeline, the number of initial applications received, information on the MHPs that would be converted, and the number of spaces to be converted. SoCalGas provided annual updates on implementation progress and preliminary cost assessments for To-the-Meter (TTM) and Beyond-the-Meter (BTM) construction in its February 1 reports from 2017 through 2025. This report includes information on the following: (1) a cost accounting for both TTM and BTM construction, and (2) an optional narrative assessment of the Program.

3. Cost Accounting

Table 1: ("Annual Report Template") reflects the space counts and cost data for all mobile home parks that reached financial completion through December 31, 2025, for which final costs have been recorded.[6] Classification of costs within each category are defined within the table, which was provided by SED to the participating IOUs. These costs should be considered final, with the notation that there may be additional trailing costs.[7] The included Table 1 supersedes all previously submitted versions of Annual Report Table 1.

Table 2 below shows the associated revenue requirements and rate impacts.

To continuously enhance the accuracy of our reporting and better align with the report's intent to capture space counts and the majority of project costs post-cutover, SoCalGas refined its interpretation of financially complete with the report submitted in February 2025. This updated interpretation, based on a more precise reference date of when all financial activities have been completed, has been applied to the costs and spaces starting in 2024 and moving forward.

TABLE 1: ANNUAL REPORT TEMPLATE

- Bolded words in the "Descriptor" column were added by SoCalGas to clarify the reported data.
- All dollar amounts in Table 1 are rounded to the nearest dollar.
- Template language across all IOUs is the same. SoCalGas' enrollment counts for CARE and Medical are final per each calendar year. FERA is an electric-only program and is not applicable to SoCalGas.
- Per the SED instructions accompanying the template, Table 1 costs have been grouped by project and included in the year in which financial closure for each

[6] Per SED's email, as well as the instructions applicable to the Supplemental Cost Data template sent on November 13, 2018, the template captures projects for which final costs have been recorded. Trailing costs may follow, but they are not expected to exceed approximately 5% of a project's total cost.

[7] "Trailing costs" may include, but are not limited to, final contractor invoices or internal cost allocations that have not been recorded; such costs are not expected to be more than approximately 5% of the total project cost.

project was completed. Financial closure is defined as the conversion of the mobile home park, with a majority of a project's final costs having been booked. Any trailing charges for a given park are added to the total costs for the year in which that park was initially deemed financially complete. Therefore, prior year costs reported in Table 1 may differ from prior reports due to the addition of trailing costs incurred within the current reporting period.

Table 1 costs for 2022–2025 have been updated to reflect corrections identified as part of the CPUC Utilities Audit Branch (UAB) audit, completed in June 2026. Corrections for 2016–2021 will be reflected in the cost recovery application for that period.

Annual Report Template											
	Descriptor	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Participation											
CARE/FERA enrollment	Number of individuals enrolled in CARE/FERA after the conversion; **the data provided is not final as a process for capturing all CARE enrollments is still in development**	29	986	1,745	1,466	2,919	1,158	1,484	1,050	1,909	2,902
Medical Baseline	Number of individuals enrolled in Medical Baseline after the conversion; **the data provided is not final as a process for capturing all MB enrollments is still in development**	1	8	6	8	21	10	8	4	6	24
Disadvantaged Community	Number of converted spaces **(i.e., PTO count, not directly corresponding with the costs below)** within geographic zones defined by SB 535 map.	132	2,470	2,322	1,376	1,738	802	1,246	1,179	1,567	2,249
Rural Community	Number of converted spaces **(i.e., PTO count, not directly corresponding with the costs below)** within rural community	-	-	-	-	-	-	-	-	-	-
Urban Community	Number of converted spaces **(i.e., PTO count, not directly corresponding with the costs below)** within urban community	132	3,723	5,424	4,148	4,274	2,322	3,230	2,473	3,890	5,844
Leak Survey (Optional)	Number of Leaks identified during preconstruction activity (if known)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Completed Spaces	Spaces converted that correspond to the project costs reported below (TTM includes common areas). If a project incurs costs over multiple years, report all project costs and spaces converted in the year the project closes.										
Number of TTM MH and Covered Common Area Locations Converted (Gas)		135	3,746	5,309	3,852	4,108	2,109	3,185	2,417	3,715	5,656
Number of TTM MH and Covered Common Area Locations Converted (Electric)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of BTM MH Converted Register Spaces (Gas)		111	3,194	4,690	3,517	3,855	2,060	3,155	2,394	3,653	5,508
Number of BTM MH Converted Register Spaces (Electric)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Annual Report Template											
	Descriptor	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
To The Meter - Capital Costs											
Construction Direct Costs								-	-	-	-
Civil/Trenching	To the Meter Construction costs for civil related activities **(e.g., trench/cut excavation & backfill [joint trench], paving [temp & final], and distribution system installation - including contractor labor and materials)**	$ -	$ -	$ -	$ -	$ -	$ -	-	-	-	-
Electric		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gas		$ 284,151	$ 10,545,669	$ 15,668,331	$ 12,985,494	$ 12,407,582	$ 5,542,443	$ 7,873,920	$ 5,791,421	$ 9,191,199	$ 16,792,231
Gas System								$ -	$ -	$ -	$ -
Labor	Cost for installation of distribution Gas assets, pre-inspection testing, decommissioning of legacy system (Gas Design cost was previously incorporated here) **(Specific to SoCalGas, no gas design costs were previously incorporated in this line item)**	$ 100,444	$ 3,576,552	$ 5,701,138	$ 4,721,509	$ 4,513,386	$ 2,477,230	$ 3,719,519	$ 3,556,984	$ 5,661,139	$ 7,428,078
Material / Structures	Pipes, fittings and other necessary materials required for gas construction	$ 78,847	$ 1,643,799	$ 2,045,908	$ 1,053,075	$ 922,519	$ 516,441	$ 1,010,002	$ 823,025	$ 1,488,884	$ 2,840,699
Electric System								$ -	$ -	$ -	$ -
Labor	Cost for installation of distribution Electric assets, pre-inspection testing, decommissioning of legacy system (Electric Design cost was previously incorporated here)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Material / Structures	Cables, conduits, poles, transformers and other necessary materials for electrical construction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Design/Construction Management	Cost for engineering, design and construction inspection cost	$ 172,546	$ 4,996,415	$ 7,272,300	$ 6,835,903	$ 8,319,344	$ 3,829,741	$ 5,027,839	$ 3,538,213	$ 6,126,598	$ 5,155,764
Other								$ -	$ -	$ -	$ -
Labor (Internal)	Meter installation, gas relights, easements, environmental desktop reviews and other support organizations, **including legacy system decommissioning internal labor**	$ 11,681	$ 304,572	$ 219,799	$ 226,836	$ 150,240	$ 1,487,667	$ 3,416,893	$ 2,187,274	$ 3,640,035	$ 4,165,815
Other Labor (Internal)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Labor	Permits, **vehicle utilization, payment discounts, consultant support (e.g., environmental monitoring)**	$ 3,260	$ 211,861	$ (1,994)	$ 236,057	$ (86,446)	$ 845,473	$ 2,084,197	$ 1,295,843	$ 2,269,577	$ 3,314,397
Materials	meters, modules and regulators	$ 14,522	$ 406,395	$ 583,670	$ 406,428	$ 340,242	$ 92,161	$ 452,971	$ 346,748	$ 565,738	$ 924,773

*Negative values in Non-Labor for the 2018 and 2020 billing periods occur because payment discounts on all purchases are depicted on this row, and exceeded the expenditures for the remaining Other Non-Labor items (permits, vehicle utilization, and consultant support such as environmental monitoring).

Annual Report Template											
	Descriptor	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program - Capital Costs	Costs that are inconsistent among the other IOUs, driven by utility specific business models or cost accounting practices. These costs should be separated out so that others do not compare costs that are not comparable with others.										
Project Management Costs								$ -	$ -	$ -	$ -
Project Management Office (PMO)	Program management office costs (Project Management, Program Management, schedulers, cost analysts and field engineers)	$ 45,203	$ 1,229,092	$ 1,773,663	$ 1,427,479	$ 1,533,339	$ 751,761	$ 686,384	$ 540,256	$ 847,758	$ 1,036,521
Outreach		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other								$ -	$ -	$ -	$ -
Property Tax	Property tax on capital spending not yet put into service	$ 122	$ 19,802	$ 23,546	$ 27,884	$ 31,413	$ 65,268	$ 139,784	$ 47,456	$ 70,986	$ 100,926
AFUDC	AFUDC is a mechanism in which the utility is allowed to recover the financing cost of it's construction activities. AFUDC starts when the first dollar is recorded on the project and ends when HCD complete the first inspection so that the new assets are in use by the residents.	$ 2,397	$ 165,230	$ 173,509	$ 219,859	$ 194,088	$ 118,984	$ 254,136	$ 107,176	$ 390,563	$ 472,516
Labor (Internal)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Labor	Utility specific overhead driven by corporate cost model	$ 23,137	$ 754,856	$ 1,057,123	$ 1,043,527	$ 1,147,855	$ 2,061,763	$ 4,156,800	$ 2,740,566	$ 4,556,408	$ 5,407,400
Sub-Total Capital Cost		**$ 736,310**	**$ 23,854,243**	**$ 34,516,992**	**$ 29,184,052**	**$ 29,473,560**	**$ 17,788,933**	**$ 28,822,446**	**$ 20,974,962**	**$ 34,808,884**	**$ 47,639,120**
To The Meter - Expense Costs											
Project Management Costs								$ -	$ -	$ -	$ -
Project Management Office (PMO)	Program startup cost, **program management activities associated with Outreach or other non-capital activities**	$ 4,307	$ 132,938	$ 213,127	$ 159,314	$ 190,864	$ 94,339	$ 26,983	$ 19,912	$ 33,016	$ 46,201
Outreach	Outreach efforts to educate MHP Owners, residents, government and local agencies about the program	$ 18,920	$ 582,774	$ 935,848	$ 810,288	$ 1,098,951	$ 649,246	$ 636,482	$ 469,681	$ 778,799	$ 1,089,797
Other								$ -	$ -	$ -	$ -
Labor (Internal)	Program startup cost for supporting organizations, **meter removal**	$ 824	$ 89,259	$ 159,478	$ 89,160	$ 78,410	$ 30,354	$ 10,510	$ 7,162	$ 12,170	$ 28,916
Other Labor (Internal)	**Construction management expenses costs (e.g., training, supplies)**	$ 14,707	$ 427,363	$ 846,468	$ 738,898	$ 1,029,939	$ 307,710	$ 51,623	$ 38,094	$ 63,166	$ 88,390
Non-Labor	Cancelled Project Costs from MHPs that have failed to complete the MHP agreement or have cancelled the project, **vehicle utilization, and overheads associated with meter removal**	$ 421	$ 15,159	$ 27,344	$ 20,595	$ 9,401	$ 6,079	$ 12,044	$ 6,546	$ 31,114	$ 27,437
Sub-Total To The Meter		**$ 39,179**	**$ 1,247,495**	**$ 2,182,266**	**$ 1,818,256**	**$ 2,407,565**	**$ 1,087,727**	**$ 737,642**	**$ 541,395**	**$ 918,265**	**$ 1,280,741**

Annual Report Template											
	Descriptor	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beyond The Meter - Capital	Pass through cost where the MHP Owner is responsible for overseeing the vendor's work and IOU to reimburse per D.14-02-021										
Civil/Trenching	**All civil labor for BTM construction, such as landscaping (does not include trenching work)**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Electric System								$ -	$ -	$ -	$ -
Labor	Labor and material for installing BTM Electric infrastructure (e.g. Pedestal, foundation, meter protection, grounding rods, conduit)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Material / Structures		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gas System								$ -	$ -	$ -	$ -
Labor	Labor and material for installing BTM Gas infrastructure (e.g. houselines, meter protection, foundation)	$ 123,899	$ 6,371,221	$ 11,005,559	$ 7,160,010	$ 6,488,584	$ 3,090,906	$ 3,995,357	$ 3,175,435	$ 4,949,549	$ 7,212,576
Material / Structures		$ 193,291	$ 2,401,646	$ 2,962,483	$ 2,654,489	$ 3,011,163	$ 1,441,548	$ 1,945,053	$ 1,746,975	$ 3,129,750	$ 4,378,216
Other								$ -	$ -	$ -	$ -
Other Labor (Internal)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Non Labor	**BTM Permits, including HCD fees**	$ 26,981	$ 720,958	$ 1,405,331	$ 1,527,485	$ 926,294	$ 393,904	$ 818,122	$ 375,340	$ 666,025	$ 1,829,050
Sub-Total Beyond The Meter		**$ 344,171**	**$ 9,493,826**	**$ 15,373,373**	**$ 11,341,984**	**$ 10,426,041**	**$ 4,926,358**	**$ 6,758,533**	**$ 5,297,750**	**$ 8,745,324**	**$ 13,419,841**
Total TTM & BTM - New		**$ 1,119,660**	**$ 34,595,564**	**$ 52,072,631**	**$ 42,344,292**	**$ 42,307,167**	**$ 23,803,018**	**$ 36,318,620**	**$ 26,814,107**	**$ 44,472,473**	**$ 62,339,703**

TABLE 2: RATE IMPACT AND REVENUE REQUIREMENT

- Rate impact and revenue requirements are reported based on actual revenue requirement filings for 2015-2025 (i.e., not based on year of financial closure); 2026-2031 revenue requirements and rate impacts are based on forecasted program costs.
- The Present Value Revenue Requirement was calculated as the sum of 1) actual revenue requirements from 2015-2025 and 2) the present value of the projected revenue requirement for 2026-2031 using the rate of 7.52%. SoCalGas does not typically calculate present value of total revenue requirements for ratemaking purposes. Although amortization amounts will be collected in rates over a 12-month period, this depiction assumes simplified collection at year-end.
- Revenue requirements are in millions of dollars.
- Gas rate impact dollar amounts are rounded to the nearest hundred thousandths of a dollar to illustrate a visible rate change.

Rate Impact and Revenue Requirement													
Rate Impact	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Gas													
Average Rate w/o MMBA recovery - Core	$0.82348	$0.88074	$0.91464	$0.97874	$0.99909	$1.03448	$1.20178	$1.20178	$1.20178	$1.20178	$1.20178	$1.20178	
Average Rate w/ MMBA recovery - Core	$0.82735	$0.88541	$0.91920	$0.98515	$1.00624	$1.04944	$1.21198	$1.21470	$1.21649	$1.21837	$1.22041	$1.22236	
Rate Change - Core	$0.00387	$0.00467	$0.00456	$0.00640	$0.00714	$0.01497	$0.01020	$0.01292	$0.01471	$0.01659	$0.01863	$0.02058	
% Rate Change - Core	0.47%	0.50%	0.50%	0.65%	0.72%	1.45%	0.85%	1.08%	1.22%	1.38%	1.55%	1.71%	
Average Rate w/o MMBA recovery - Non Core	$0.04658	$0.06259	$0.06337	$0.08102	$0.12659	$0.09869	$0.12511	$0.12511	$0.12511	$0.12511	$0.12511	$0.12511	
Average Rate w/ MMBA recovery - Non-Core	$0.04674	$0.06283	$0.06362	$0.08141	$0.12703	$0.09959	$0.12586	$0.12608	$0.12621	$0.12636	$0.12651	$0.12667	
Rate Change - Non-Core	$0.00016	$0.00024	$0.00024	$0.00039	$0.00044	$0.00090	$0.00075	$0.00097	$0.00110	$0.00125	$0.00140	$0.00156	
% Rate Change - Non-Core	0.33%	0.40%	0.38%	0.49%	0.35%	0.91%	0.60%	0.78%	0.88%	1.00%	1.12%	1.25%	
Electric													
Average Rate w/o MMBA recovery - Total System	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Average Rate w/ MMBA recovery - Total System	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Rate Change - Total System	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
% Rate Change - Total System	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Revenue Requirement (In Millions)	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**Present Value Revenue Requirement**
Gas Revenue Requirement-TTM	$9.200	$10.658	$10.309	$14.653	$16.329	$41.474	$27.156	$30.452	$36.041	$42.065	$48.021	$53.753	$295.428
Electric Revenue Requirement-TTM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gas Revenue Requirement-BTM	$5.517	$6.946	$6.873	$9.768	$10.886	$13.825	$9.052	$15.388	$16.130	$16.788	$18.029	$19.213	$132.278
Electric Revenue Requirement-BTM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

4. Program Timeline

Pursuant to Resolution E-4878, SoCalGas achieved its initial Pilot Program target of 10% in 2018 and completed additional conversions of up to 5% by December 31, 2020. As of December 31, 2025, SoCalGas has converted 468 MHPs (amounting to 35,547 permitted spaces), representing approximately 28% of eligible spaces within SoCalGas' service territory.[8]

Progress has been measured against the timeline shown in Figure 1 ("SoCalGas' Tentative Timeline for Implementation of the MHP Program and Current Status"). In developing the timeline, SoCalGas assumed the following conditions:

1. No constraints that may delay MHP participation, such as TTM contractor availability or an MHP Owner/Operator's ability to move forward with a project, secure a BTM contractor, or resolve environmental issues.
2. Accurate data provided by the MHP Owner/Operator in the Form of Intent ("FOI") and at project initiation.
3. No joint construction schedule constraints with IOUs.
4. Sufficient resources from the California Department of Housing and Community Development ("HCD") or other Local Enforcement Agencies to perform timely inspections on projects.

Pursuant to Resolution E-4958 and the extension limitations set forth therein, SoCalGas completed all eligible MHP upgrades in the fourth quarter of 2020. With the issuance of a Commission Decision for the continuation of the program and the new FOI application period between January 1 – March 30, 2021, a new list of eligible parks was required from SED within the second quarter of 2021.

On August 20, 2021, in accordance with the Decision, SED provided a new priority list of eligible parks. The list identified Category 1 projects, comprised of parks estimated to be contacted by the utilities prior to the 2025 application period, and Category 2 projects, which could be contacted before the new period but could be re-prioritized for the 2025 list.

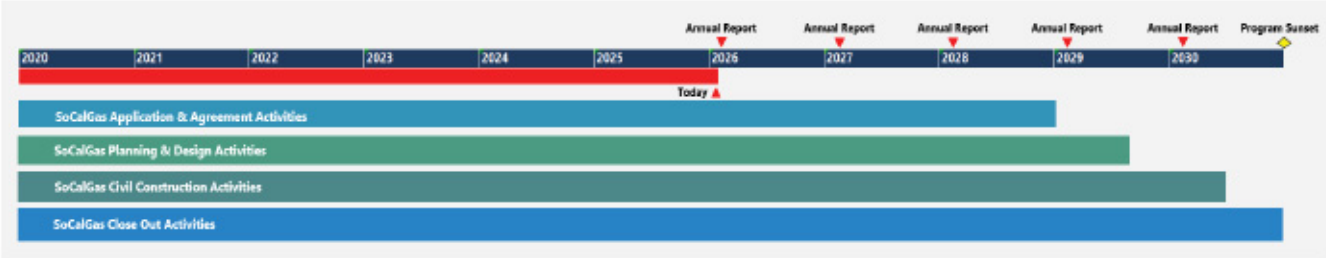
SoCalGas developed a comprehensive schedule focusing on Category 1 projects and began securing applications for Category 2 projects, consistent with the goal of converting 50% of MHP master meters in its service territory by 2030. Commitments were obtained from all interested applicants for Category 1 projects through 2025, except where owners have declined participation or requested construction postponement.

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[8] The scope excludes MHPs that declined to participate in the Program and the corresponding space total was calculated from the MHP permits-to-operate, rather than the SED-prioritized list of eligible MHPs. A confidential list of completed and in-progress projects has been provided to the CPUC's Energy Division and Safety and Enforcement Division.

On July 3, 2025, SED issued an updated prioritization list, incorporating new applicants from the 2025 open application period, and re-prioritizations driven by appeals, catastrophic events, and updated risk data. Based on this new prioritization, SoCalGas is actively working to obtain commitments from MHP owners/operators on the updated list and continues to refine its schedule to accommodate the re-prioritized parks and to substitute for MHPs that decline to move forward. These efforts support SoCalGas' commitment to achieving the program's long-term goal of converting 50% of master-metered MHPs by 2030.

FIGURE 1: SoCalGas' Timeline for Implementation of the MHP Program and Current Status



5. Program Challenges

Pursuant to Decision D.20 04 004, SoCalGas continues to plan and execute projects to support the Commission's annual 3.33% conversion target, advancing toward converting 50% of master metered mobilehome parks by the end of the 10-year program. While progress remains steady, several constraints may affect annual delivery:

- Utility Interdependencies: Conversion schedules require coordination with electric utilities that operate under differing annual targets and timelines. In shared-service territories, SoCalGas depends on joint electric utility participation to achieve its annual goal of 4,303 spaces—the highest among the IOUs and exceeding other utilities' annual space goals. Because the joint electric utilities have smaller independent space targets and a larger proportion of parks that are not joint with SoCalGas, they can meet their program goals without coordinating joint projects. This lack of alignment can delay or eliminate opportunities for concurrent construction, extend overall project timelines, and create gaps in SoCalGas' ability to meet its annual 3.33% target

- Electrification Initiative Prioritization: Under D.25-11-009, any parks selected for the Electrification Initiative must be elevated to the top of the MHP UCP priority list regardless of their original position. This mandated reprioritization would shift joint-utility scheduling toward electric-led projects and reduce the pool of parks available for traditional joint conversions. In addition, the spaces converted under the Initiative would count toward each electric IOU's annual

conversion totals, which further limits the number of shared-service parks available for SoCalGas to meet its own annual space target.

- Limited Gas-Only Opportunities: While SED has approved SoCalGas to incorporate additional Gas Only projects, the overall inventory remains limited, reducing flexibility and challenging the ability to balance annual conversion goals.

- Owner Declinations: Participation by park owners is voluntary. Declines or deferrals—whether due to site readiness, financing, or internal considerations—reduce the pool of eligible projects and can impact annual conversion levels.

- BTM Contractor Coordination: SoCalGas continues to face difficulties in aligning Beyond-the-Meter (BTM) construction with To-the-Meter (TTM) completion, which is essential for maintaining project momentum and customer readiness. Achieving BTM completion within 30 days of TTM construction has proven challenging due to:

    - Scheduling conflicts and limited resource availability among BTM contractors.

    - Timing of HCD inspections and the need for re-inspections.

    - Site-specific access constraints and resident coordination.

These factors have resulted in gaps between TTM energization and BTM readiness, affecting overall conversion timelines and customer experience. In addition, consistent delays by BTM contractors in submitting final reimbursement invoices have postponed SoCalGas' financial closeout of completed projects for several months. As a result, administrative closeout is extended even after construction, inspections, and customer cutovers are complete.

6. Cost Assessment

In 2025, the Mobilehome Park Utility Conversion Program operated within a complex cost environment while continuing to deliver strong results. Existing contractor agreements were extended through the year, providing continuity and stable pricing while the next competitive RFP is scheduled for 2026. Earlier phases of the program prioritized smaller mobilehome parks to meet annual conversion targets; however, in 2025, the focus shifted to larger conversion projects. The mobilehome parks that began construction during the year averaged approximately 96 spaces, representing a significant increase in scale compared to prior years. While this shift addressed program goals, it also introduced additional complexity in project coordination and resource allocation.

Gas-only projects continued to represent a notable portion of the portfolio. Unlike joint utility conversions, these projects do not benefit from cost-sharing arrangements, further contributing to higher per-space costs. To mitigate some of these pressures, SoCalGas continued leveraging internal construction crews for gas-only projects. Additionally, the

program strengthened its project management and cost control capabilities, improving forecasting accuracy and reducing variances between estimates and actual costs. In addition to these operational factors, 2025 included a high number of project closeouts driven by the timing of final cost-reconciliation activity. Several multi-year projects completed construction and invoicing during the year, while others finished reconciliation once pending BTM invoices were received. As these items were processed, more spending was recorded in 2025, reflecting the timing of reconciling items from earlier periods, and as a result, SoCalGas exceeded the soft cost cap of $42 million[9].

Looking ahead to 2026, several cost factors are anticipated as the program enters its next phase. The upcoming RFP will establish new contractor agreements and updated pricing structures. While competitive sourcing is expected to support cost effectiveness for ratepayers, broader industry trends—including rising labor and material costs—may place upward pressure on future expenditures. Coordination with electric utilities and union requirements will continue to shape the pool of jointly approved TTM contractors, which may influence pricing and scheduling. SoCalGas will work closely with joint utility partners to maintain fair and competitive outcomes.

Material cost escalation, driven by global supply chain factors and economic conditions, remains a consideration for 2026. Combined with anticipated labor rate increases, these factors underscore the importance of ongoing cost management strategies.

7. Program Assessment

2025 marked the midpoint of the ten-year Mobilehome Park (MHP) Utility Conversion Program and the start of its second half. To date, SoCalGas has converted 468 mobilehome parks (amounting to 35,547 permitted spaces), representing approximately 28% of eligible spaces within its service territory. This progress reflects steady advancement toward the Commission's goal of converting 50% of master-metered spaces by 2030.

Building on progress to date, SoCalGas is prioritizing outreach and scheduling efforts based on the updated prioritization list issued by the Safety and Enforcement Division (SED) in July 2025. Cost management remains critical as new contractor agreements under the 2026 RFP process take effect amid rising labor and material costs. To maintain program efficiency and cost-effectiveness, SoCalGas will continue to strengthen coordination with joint utilities, expand contractor participation, and apply rigorous oversight. These efforts will also support alignment with the Electrification Pilot Initiative ordered by the Commission in D.25-11-009 in late 2025.

Performance indicators for 2025 are summarized below.

[9] D.20-04-004 at 114.

8. Program Penetration

SoCalGas has continued to successfully partner with MHP Owners and Operators, and as of December 31, 2025, has completed conversions for approximately 28% of all eligible mobilehome spaces within its service territory. In 2025, a total of 68 projects were financially closed, contributing to an improved annual space conversion rate of 2.74%, up from 2.54% at the end of 2024. This year-over-year increase brings performance closer to the 3.33% annual target and helps recover ground from prior years with lower conversion volumes. The continued improvement strengthens the program's overall trajectory and supports long-term progress toward SoCalGas' conversion goal.

9. Safety Performance

In 2025, SoCalGas reinforced its commitment to safety by recording zero reportable incidents among employees and three reportable incidents involving TTM contractors. This performance was achieved across 66 construction projects during the year, representing significant collaboration between TTM contractors and SoCalGas' internal workforce.

10. Customer Satisfaction

In response to customer satisfaction surveys in 2025, SoCalGas achieved a satisfaction rate of 81% with MHP residents and 100% with MHP owners/operators related to the overall conversion program.

11. Conclusion

This concludes the 2026 annual filing in accordance with SED's instructions.

Additional Program information can be found online on SoCalGas' website at: The Mobilehome Park Utility Conversion Program | SoCalGas

This annual report may be accessed at: https://www.socalgas.com/regulatory/A17-05-007.[10]

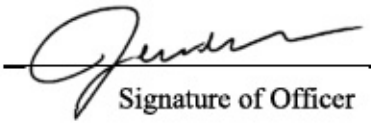
[10] D.20-04-004, OP 10 requires the utilities to post copies of their Annual Report on their respective websites.

Mobilehome Park Utility Upgrade Program
Management Certification

California Public Utilities Commission (CPUC) Decision (D.) 14-03-021 Ordering Paragraph 11 requires that all reports be verified by an officer of the utility.

As an officer of Southern California Gas Company (SoCalGas), I hereby certify that the Mobilehome Park Utility Upgrade Program Annual Report generated in compliance with D.14-03-021 is accurate.

Reporting Period: 1/1/2025 (Start Date) to 12/31/2025 (End Date)



Signature of Officer

Executed on: 2/2/2026 (Month, Day, Year)

Jennifer L. Walker (Print Name)

VP Gas Distribution (Title)

SoCalGas 2026 Annual Report List of Active Parks

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		Financially Complete*		RIVERSIDE		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
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		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
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		Financially Complete*		TULARE		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		ORANGE		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
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		Financially Complete*		RIVERSIDE		SoCalGas	Gas Only
		Financially Complete*		TULARE		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
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		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
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		Financially Complete*		RIVERSIDE		SoCalGas	Gas Only
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		Financially Complete*		RIVERSIDE		SoCalGas	SCE
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		Financially Complete*		SANTA BARBARA		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
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		Financially Complete*		KERN		SoCalGas	SCE
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		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
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		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	SCE
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		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE

SoCalGas 2026 Annual Report List of Active Parks

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HCD ID	NAME	STATUS	CITY	COUNTY	PTO COUNT*****	GAS IOU	ELECTRIC IOU
[redacted]	[redacted]	Financially Complete*	[redacted]	LOS ANGELES	[redacted]	SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		ORANGE		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	SCE
		Financially Complete*		ORANGE		SoCalGas	SCE
		Financially Complete*		ORANGE		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	SCE
		Financially Complete*		ORANGE		SoCalGas	SDG&E
		Financially Complete*		VENTURA		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	Gas Only
		Financially Complete*		TULARE		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		ORANGE		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		TULARE		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		IMPERIAL		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	Gas Only
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		ORANGE		SoCalGas	SCE
		Financially Complete*		ORANGE		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		TULARE		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
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		Financially Complete*		LOS ANGELES		SoCalGas	SCE
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		Financially Complete*		RIVERSIDE		SoCalGas	SCE
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		Financially Complete*		TULARE		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		VENTURA		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		VENTURA		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		ORANGE		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	SCE
		Financially Complete*		RIVERSIDE		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	Gas Only
		Financially Complete*		SAN LUIS OBISPO		SoCalGas	PG&E
		Financially Complete*		ORANGE		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		SAN LUIS OBISPO		SoCalGas	Gas Only
		Financially Complete*		SAN BERNARDINO		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
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		Financially Complete*		TULARE		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	Gas Only
		Financially Complete*		LOS ANGELES		SoCalGas	SCE
		Financially Complete*		LOS ANGELES		SoCalGas	SCE

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		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		ORANGE		oCalGas	SCE
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		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		RIVERSIDE		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		RIVERSIDE		oCalGas	SCE
		Financially Complete*		SAN BERNARDINO		oCalGas	SCE
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		Financially Complete*		LOS ANGELES		oCalGas	Gas Only
		Financially Complete*		LOS ANGELES		oCalGas	Gas Only
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		KERN		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		ORANGE		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		SANTA BARBARA		oCalGas	SCE
		Financially Complete*		ORANGE		oCalGas	Gas Only
		Financially Complete*		SANTA BARBARA		oCalGas	Gas Only
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
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		Financially Complete*		SAN BERNARDINO		oCalGas	SCE
		Financially Complete*		ORANGE		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	Gas Only
		Financially Complete*		RIVERSIDE		oCalGas	SCE
		Financially Complete*		ORANGE		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		VENTURA		oCalGas	PG&E
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		ORANGE		oCalGas	Gas Only
		Financially Complete*		[redacted]		oCalGas	SCE
		Financially Complete*		SAN BERNARDINO		oCalGas	SCE
		Financially Complete*		SAN BERNARDINO		oCalGas	SCE
		Financially Complete*		VENTURA		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		VENTURA		oCalGas	SCE
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		Financially Complete*		LOS ANGELES		oCalGas	SCE
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		Financially Complete*		SAN BERNARDINO		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	Gas Only
		Financially Complete*		RIVERSIDE		oCalGas	SCE
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		Financially Complete*		ORANGE		oCalGas	SCE
		Financially Complete*		RIVERSIDE		oCalGas	SCE
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		Financially Complete*		KERN		oCalGas	SCE
		Financially Complete*		VENTURA		oCalGas	SCE
		Financially Complete*		VENTURA		oCalGas	SCE
		Financially Complete*		LOS ANGELES		oCalGas	SCE
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		Financially Complete*		SANTA BARBARA		oCalGas	PG&E
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		Financially Complete*		LOS ANGELES		oCalGas	SCE
		Financially Complete*		RIVERSIDE		oCalGas	SCE
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		Financially Complete*		IMPERIAL		oCalGas	Gas Only
		Financially Complete*		ORANGE		oCalGas	SCE
		Construction Complete**		KINGS		oCalGas	SCE
		In Progress* **		ORANGE		oCalGas	SCE
		In Progress* **		VENTURA		oCalGas	SCE
		In Progress* **		SANTA BARBARA		oCalGas	PG&E
		In Progress* **		SAN BERNARDINO		oCalGas	SCE
		In Progress* **		RIVERSIDE		oCalGas	SCE
		In Progress* **		SAN LUIS OBISPO		oCalGas	PG&E
		In Progress***		SAN BERNARDINO		oCalGas	SCE
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		In Progress* **		VENTURA		oCalGas	SCE
		In Progress* **		VENTURA		oCalGas	SCE
		In Progress* **		SAN LUIS OBISPO		oCalGas	PG&E
		In Progress* **		LOS ANGELES		oCalGas	SCE
		In Progress***		ORANGE		oCalGas	SCE
		In Progress* **		RIVERSIDE		oCalGas	SCE
		In Progress* **		LOS ANGELES		oCalGas	SCE
		In Progress* **		RIVERSIDE		oCalGas	SCE
		In Progress* **		SANTA BARBARA		oCalGas	PG&E
		In Progress* **		LOS ANGELES		oCalGas	Gas Only
		In Progress* **		LOS ANGELES		oCalGas	SCE
		In Progress* **		LOS ANGELES		oCalGas	SCE
		In Progress* **		SAN BERNARDINO		oCalGas	SCE
		In Progress* **		SAN BERNARDINO		oCalGas	SCE
		In Progress* **		RIVERSIDE		oCalGas	SCE
		In Progress* **		LOS ANGELES		oCalGas	SCE
		In Progress* **		SAN BERNARDINO		oCalGas	SCE
		In Progress* **		LOS ANGELES		oCalGas	SCE
		In Progress* **		LOS ANGELES		oCalGas	SCE
		In Progress* **		SAN BERNARDINO		oCalGas	SCE
		In Progress* **		LOS ANGELES		oCalGas	SCE
		In Progress***		RIVERSIDE		oCalGas	SCE
		In Progress***		LOS ANGELES		oCalGas	SCE
		In Progress***		LOS ANGELES		oCalGas	SCE
		In Progress***		KERN		oCalGas	SCE
		In Progress***		LOS ANGELES		oCalGas	Gas Only
		In Progress* **		VENTURA		oCalGas	SCE
		In Progress* **		LOS ANGELES		oCalGas	SCE
		In Progress* **		ORANGE		oCalGas	SCE
		In Progress* **		VENTURA		oCalGas	Gas Only
		In Progress***		RIVERSIDE		oCalGas	Gas Only

APPENDIX E
GRC-RAMP INTEGRATION

Area: GAS DISTRIBUTION

Witness: Jennifer L. Walker

GRC - RAMP Integration

GRC Workpaper	GRC Wkp Description	RAMP WKP	RAMP Wkp Description	RAMP Unit Measure	TOTAL (in 000s)							UNITS						
					2025	2026	2027	2028	2029	2030	2031	2025	2026	2027	2028	2029	2030	2031
001730.001	Cathodic Protection Capital	2CR02 C170	SCG-Risk-2 High Pressure Gas System CP Install/Replace Impressed Current Systems	Work orders	1,214	1,216	1,215	1,353	1,491	1,567	1,567	41	41	41	41	42	42	42
001730.001	Cathodic Protection Capital	2CR03 C170	SCG-Risk-3 Medium Pressure Gas System CP Install/Replace Impressed Current Systems	Work orders	23,075	23,096	23,093	25,709	28,327	29,782	29,782	774	774	774	783	791	796	796
001810.001	Electronic Pressure Monitors (EPM)	2CR02 C135	SCG-Risk-2 High Pressure Gas System EPM Installations & Replacements	Installations or replacements	17	35	35	35	35	35	35	6	8	8	8	8	8	8
001810.001	Electronic Pressure Monitors (EPM)	2CR03 C135	SCG-Risk-3 Medium Pressure Gas System EPM Installations & Replacements	Installations or replacements	315	668	667	667	667	667	667	114	155	155	155	155	155	155

Note: Totals may include rounding differences. Total amounts preceded by a double asterisk (**) are in millions ($MM). Unit values preceded by a single asterisk (*) are displayed in thousands (000s).

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GRC - RAMP Integration

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					2025	2026	2027	2028	2029	2030	2031	2025	2026	2027	2028	2029	2030	2031
002520.001	Main Replacement	2CR02 C177	SCG-Risk-2 High Pressure Gas System Main Replacements- Leakage Abnormal Op. Conditions CP Related	Feet - main replacements	4,138	4,341	4,399	5,702	5,703	5,702	5,702	6,305	6,365	6,368	6,430	6,430	6,430	6,430
002520.001	Main Replacement	2CR03 C177	SCG-Risk-3 Medium Pressure Gas System Main Replacements- Leakage Abnormal Op. Conditions CP Related	Feet - main replacements	21,727	22,793	23,094	29,938	29,938	29,938	29,938	33,102	33,417	33,433	33,759	33,759	33,759	33,759
002560.002	Service Replacement - Non Collectible	2CR02 C174	SCG-Risk-2 High Pressure Gas System Service Replacements- Leakage Abnormal Op. Conditions CP Related	Replacements	2,373	3,051	3,062	3,293	3,293	3,293	3,293	187	209	209	223	223	223	223
002560.002	Service Replacement - Non Collectible	2CR03 C174	SCG-Risk-3 Medium Pressure Gas System Service Replacements- Leakage Abnormal Op. Conditions CP Relat	Replacements	45,086	57,968	58,177	62,559	62,560	62,560	62,559	3,547	3,965	3,979	4,232	4,232	4,232	4,232

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					2025	2026	2027	2028	2029	2030	2031	2025	2026	2027	2028	2029	2030	2031
002640.001	Meter Protection	2CR03 C175	SCG-Risk-3 Medium Pressure Gas System Residential Meter Protection	Repairs - meter protection sites mitigated	2,507	3,016	9,040	21,062	21,063	21,062	21,062	2,984	2,500	7,500	14,312	14,312	14,312	14,312
002650.001	Regulator Station	2CR02 C123	SCG-Risk-2 High Pressure Gas System Regulator Station Replacement	Work orders	4,086	4,099	4,097	4,096	4,096	4,096	4,096	12	12	12	12	12	12	12
002650.001	Regulator Station	2CR03 C123	SCG-Risk-3 Medium Pressure Gas System Regulator Station Replacement	Work orders	1,751	1,757	1,756	1,756	1,756	1,756	1,756	6	6	6	6	6	6	6
002770.001	DIMP Execution	2CR03 C121	SCG-Risk-3 Medium Pressure Gas System Gas Infrastructure Protection Program (GIPP)	Mitigations	6,320	12,637	12,261	11,687	11,788	0	0	1,032	600	600	4,000	4,000	0	0
002770.001	DIMP Execution	2CR03 C129	SCG-Risk-3 Medium Pressure Gas System Cathodic Protection System Improvement	Miles	4,242	4,463	4,331	5,025	5,069	5,399	5,428	100	100	100	100	100	100	100

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GRC - RAMP Integration

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					2025	2026	2027	2028	2029	2030	2031	2025	2026	2027	2028	2029	2030	2031
002770.001	DIMP Execution	2CR03 C182	SCG-Risk-3 Medium Pressure Gas System Distribution Risk Evaluation & Monitoring System (DREAMS)	Miles	**110	**176	**244	**246	**246	**257	**257	73	98	141	158	152	145	140

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GRC - RAMP Integration

GRC Workpaper	GRC Wkp Description	RAMP WKP	RAMP Wkp Description	RAMP Unit Measure	TOTAL (in 000s)							UNITS						
					2025	2026	2027	2028	2029	2030	2031	2025	2026	2027	2028	2029	2030	2031
2GD000.001	Leak Survey	2OR02 C178	SCG-Risk-2 High Pressure Gas System Distribution Leak Survey	Miles inspected - leak survey	9,777	7,169	6,657	6,658	6,658	6,658	6,658	11,890	11,890	11,890	11,890	11,890	11,890	11,890
2GD000.001	Leak Survey	2OR03 C178	SCG-Risk-3 Medium Pressure Gas System Distribution Leak Survey	Miles inspected - leak survey	19,582	14,360	13,335	13,335	13,335	13,335	13,335	23,817	23,817	23,817	23,817	23,817	23,817	23,817
2GD000.002	Locate and Mark	2OR02 C002	SCG-Risk-2 High Pressure Gas System Damage Prevention Activities - Gas	USA tickets	768	773	773	773	773	773	773	30,191	30,191	30,191	30,191	30,191	30,191	30,191
2GD000.002	Locate and Mark	2OR03 C002	SCG-Risk-3 Medium Pressure Gas System Damage Prevention Activities - Gas	USA tickets	24,084	24,244	24,246	24,247	24,247	24,247	24,247	*947	*947	*947	*947	*947	*947	*947
2GD000.003	Main Maintenance	2OR02 C134	SCG-Risk-2 High Pressure Gas System Pipeline Monitoring	Work orders	658	666	666	666	666	666	666	3,652	3,629	3,629	3,629	3,629	3,629	3,629
2GD000.003	Main Maintenance	2OR03 C134	SCG-Risk-3 Medium Pressure Gas System Pipeline Monitoring	Work orders	878	870	870	870	870	870	870	4,997	4,905	4,905	4,905	4,905	4,905	4,905

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					2025	2026	2027	2028	2029	2030	2031	2025	2026	2027	2028	2029	2030	2031
2GD000.006	Leak Repair & Restoration	2OR02 C179	SCG-Risk-2 High Pressure Gas System Distribution Main & Service Leak Repair	Leaks Repaired	953	1,508	1,562	1,661	1,661	1,661	1,661	268	308	312	327	327	327	327
2GD000.006	Leak Repair & Restoration	2OR03 C179	SCG-Risk-3 Medium Pressure Gas System Distribution Main & Service Leak Repair	Leaks Repaired	30,826	48,756	50,513	53,706	53,706	53,706	53,706	8,666	9,974	10,096	10,565	10,565	10,565	10,565
2GD000.007	Measurement & Regulation	2OR02 C116	SCG-Risk-2 High Pressure Gas System M&R Station and EPM Inspection and Maintenance	Work orders	870	883	891	897	900	902	905	1,564	1,564	1,564	1,564	1,564	1,564	1,564
2GD000.007	Measurement & Regulation	2OR03 C116	SCG-Risk-3 Medium Pressure Gas System M&R Station and EPM Inspection and Maintenance	Work orders	4,250	4,313	4,353	4,381	4,394	4,408	4,423	7,637	7,637	7,637	7,637	7,637	7,637	7,637

Note: Totals may include rounding differences. Total amounts preceded by a double asterisk (**) are in millions ($MM). Unit values preceded by a single asterisk (*) are displayed in thousands (000s).

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GRC - RAMP Integration

GRC Workpaper	GRC Wkp Description	RAMP WKP	RAMP Wkp Description	RAMP Unit Measure	TOTAL (in 000s)							UNITS						
					2025	2026	2027	2028	2029	2030	2031	2025	2026	2027	2028	2029	2030	2031
2GD000.007	Measurement & Regulation	2OR03 C130	SCG-Risk-3 Medium Pressure Gas System MSA Inspection and Maintenance	Work orders	2,100	2,111	2,111	2,111	2,111	2,111	2,111	6,351	6,351	6,351	6,351	6,351	6,351	6,351
2GD000.008	Cathodic Protection	2OR02 C103	SCG-Risk-2 High Pressure Gas System Cathodic Protection Base Activities	Work orders	1,057	1,061	1,061	1,061	1,061	1,061	1,061	3,414	3,414	3,414	3,414	3,414	3,414	3,414
2GD000.008	Cathodic Protection	2OR03 C103	SCG-Risk-3 Medium Pressure Gas System Cathodic Protection Base Activities	Work orders	12,160	12,209	12,209	12,209	12,209	12,209	12,209	39,261	39,261	39,261	39,261	39,261	39,261	39,261
2GD000.008	Cathodic Protection	2OR03 C106	SCG-Risk-3 Medium Pressure Gas System Cathodic Protection-CP10 Activities	CP and follow up reads	1,315	1,321	1,321	1,321	1,321	1,321	1,321	38,669	38,669	38,669	38,669	38,669	38,669	38,669
2GD001.000	Distribution Integrity Management Program (DIMP) - Project Execution	2OR03 C120	SCG-Risk-3 Medium Pressure Gas System Distribution Riser Inspection Program (DRIP)	Inspections	13,211	14,511	14,540	11,116	11,116	12,178	12,178	*150	*120	*100	15,000	15,000	15,000	10,000

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GRC - RAMP Integration

GRC Workpaper	GRC Wkp Description	RAMP WKP	RAMP Wkp Description	RAMP Unit Measure	TOTAL (in 000s)							UNITS						
					2025	2026	2027	2028	2029	2030	2031	2025	2026	2027	2028	2029	2030	2031
2GD001.000	Distribution Integrity Management Program (DIMP) - Project Execution	2OR03 C121	SCG-Risk-3 Medium Pressure Gas System Gas Infrastructure Protection Program (GIPP)	No feasible units	770	1,260	1,263	1,093	1,093	0	0	0	0	0	0	0	0	0
2GD001.000	Distribution Integrity Management Program (DIMP) - Project Execution	2OR03 C122	SCG-Risk-3 Medium Pressure Gas System Sewer Lateral Inspection Project (SLIP)	Inspections	13,775	16,140	16,172	13,997	13,997	14,013	14,013	52,000	35,000	35,000	35,000	35,000	35,000	35,000
2GD001.000	Distribution Integrity Management Program (DIMP) - Project Execution	2OR03 C129	SCG-Risk-3 Medium Pressure Gas System Cathodic Protection System Improvement	No feasible units	189	327	328	295	295	306	306	0	0	0	0	0	0	0
2GD001.000	Distribution Integrity Management Program (DIMP) - Project Execution	2OR03 C182	SCG-Risk-3 Medium Pressure Gas System Distribution Risk Evaluation & Monitoring System (DREAMS)	No feasible units	2,703	4,837	4,847	4,195	4,195	4,199	4,199	0	0	0	0	0	0	0

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GRC - RAMP Integration

GRC Workpaper	GRC Wkp Description	RAMP WKP	RAMP Wkp Description	RAMP Unit Measure	TOTAL (in 000s)							UNITS						
					2025	2026	2027	2028	2029	2030	2031	2025	2026	2027	2028	2029	2030	2031
2GD004.000	Integrated Strategy & Resource Management	2OR02 C004	SCG-Risk-2 High Pressure Gas System Damage Prevention Mapping	Services Updated	1,114	1,114	1,114	67	67	67	67	2,000	2,000	2,000	121	121	121	121
2GD004.000	Integrated Strategy & Resource Management	2OR03 C004	SCG-Risk-3 Medium Pressure Gas System Damage Prevention Mapping	Services Updated	0	0	0	1,047	1,047	1,047	1,047	0	0	0	1,879	1,879	1,879	1,879

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SCG 2028 GRC Testimony Revision Log – September 2026

Page	Line or Table	Revision Detail
vi	O&M Summary Table	Updated table
vi	Capital Summary Table	Updated table
vi	Summary of Requests Paragraph	O&M forecast of $261,198,000 has been changed to $261,179,000.
vi-vii	Summary	Update new total and Capital and O&M split.
1	Line 8	O&M forecast of $261,198,000 has been changed to $261,179,000.
1	Line 12-13	Update new total and Capital and O&M split.
1-2	Table JW-1	Updated table
9	Line 8	O&M forecast of $261,198,000 has been updated to $261,179,000 and an increase of $18,476,000 has been changed to $18,496,000.
9	Table JW-2	Updated table
10	Table JW-3	Updated table
11	Table JW-4	Updated table
23-24	Table JW-10	Updated table
31	Table JW-12	Updated table

34-35	Table JW-13	Updated table
39	Table JW-14	Updated table
44	16	Text change.
50	21-22	Text change.
64	27	SLIP number of services updated from 1,535,581 to 750,000.
71	7	Approximate employee count updated from 2,200 to 2,300.
84-85	Table JW-27	Updated table
104-105	Table JW-36	Updated table
111	Table JW-38	Updated table
117	Table JW-40	Updated table
122	29	Update 5,552 to 4,454 for the average service lines per year.
123	Table JW-42	Updated table
139-140	Table JW-48	Updated table
148	Table JW-52	Updated table
152-155	Table JW-53	Updated table with updated BCRs.
165-166	Table JW-56	Updated table
166	1-2	Update new total and Capital and O&M split.
181	Table JW-58	Updated table
183	Table JW-59	Updated table

184	9-10	O &M forecast of $261,198,000 has been updated to $261,179,000 and an increase of $18,476,000 has been changed to $18,496,000.
187	11-12	Update new total and Capital and O&M split.
C-1	APPENDIX C	Capital Expenditures chart updates due to cost removal adjustments.
D-1	APPENDIX D, Table 1	Updated to correct inadvertent underreporting of $698,077.