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Vice President, Regulatory Affairs

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March 17, 2020

Ms. Alice Stebbins
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: State of Emergency Proclamation – COVID-19 Coronavirus Preparation

Dear Ms. Stebbins,

Pursuant to Governor Newsom's Proclamation of a State of Emergency of March 4, 2020, and President Donald Trump's Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (Covid-19) Outbreak of March 13, 2020, Southern California Gas Company (SoCalGas) is providing notice that its Catastrophic Event Memorandum Account (CEMA) has been invoked to prepare for and respond to the declared State of Emergency by government authorities. This letter is being provided in accordance with the provisions of California Public Utilities Commission (Commission) Resolution No. E-3238, dated July 24, 1991, and SoCalGas' Preliminary Statement Part VI – Memorandum Accounts, which require SoCalGas to provide information concerning the impact of the catastrophic event on its facilities and an estimate of costs that have been or will be incurred in response to the catastrophic event.

State of Emergency Declared – March 4, 2020

On March 4, 2020, Governor Gavin Newsom proclaimed a State of Emergency in response to the outbreak of novel coronavirus, COVID-19.¹ In addition, President Trump signed an Emergency Declaration on March 13, 2020.² Throughout California, communities are responding to an increasing number of reported COVID-19 cases. Health experts predict that the number of cases will continue to increase. Certain California counties have banned large gatherings, and the Governor of New York has announced the implementation of a "containment zone" in an effort to control the spread of the virus. As of March 10, 2020, 157 Californians had tested positive for the virus, with over 10,000 being monitored.³ SoCalGas has implemented measures in an effort to protect its employees from the spread of the virus, including but not limited to a hold on non-essential travel, limiting large meetings, encouraging the use of video or web conferences, and increased sanitization practices. If the epidemic continues to grow, SoCalGas plans to increase its efforts to protect employees and the public through additional measures. SoCalGas is committed to complying with directions from the Commission, the state of California, and the federal government in response to the evolving pandemic.

¹ Available at <https://www.gov.ca.gov/2020/03/04/governor-newsom-declares-state-of-emergency-to-help-state-prepare-for-broader-spread-of-covid-19/>.

² Available at <https://www.whitehouse.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-covid-19-outbreak/>.

³ See <https://www.cdph.ca.gov/Programs/OPA/Pages/NR20-017.aspx>.

Background

The CEMA requires that within 30 days of the event SoCalGas provide the Executive Director of the Commission information concerning the catastrophic event, including the impact on its facilities and a preliminary estimate of the costs that have been or will be incurred in response to the catastrophic event. The costs eligible for entry into the CEMA are those costs associated with 1) restoring utility services to customers, 2) repairing, replacing, or restoring damaged utility facilities, and 3) complying with government agency orders resulting from declared disasters. Costs recorded in the CEMA shall be restricted to those incremental costs incurred by SoCalGas in response to the disaster declared by government authorities. Before recovery in jurisdictional rates of any costs recorded in the CEMA, SoCalGas will make a formal increase request and recommendation by application to the Commission.

Impacts on Services and Facilities

Unlike other emergencies, the uncertainty surrounding the COVID-19 outbreak and its spread are difficult to predict. For example, in an earthquake or wildfire situation, the emergency event occurs, there is a declaration of emergency, the emergency ends, and the utility is left in a position to identify the associated costs incurred. In a developing pandemic situation, the full scope of the impact is slow in developing and may not be known for some time. Regardless of these uncertainties, employee and public safety are SoCalGas' top priority. Currently, SoCalGas has implemented initial measures to prevent the spread of COVID-19 at its facilities and protect the safety of its customers and employees. For example, SoCalGas has activated its Emergency Operations Center at a Level 2 for monitoring and responsiveness to the situation and has created a cross-department pandemic taskforce to respond to any forthcoming challenges. Also, as described above, SoCalGas has already implemented preventative measures. Should the outbreak and associated government response continue to escalate, however, SoCalGas could face additional costs, including but not limited to those related to supply and equipment shortages, and the cancellation of contracts or need to engage alternative suppliers to fulfill business needs due to *force majeure*.

Accordingly, out of an abundance of caution, and to comply with the Commission's requirement that a utility invoke its CEMA within 30 days of a disaster declaration, SoCalGas is opening its CEMA to track costs associated with the COVID-19 response. As of this date, such expenses are minimal. Future costs will be incurred to the extent required to protect public and employee safety, and ensure continuation of safe, reliable operations. Although a complete cost estimate cannot be provided at this time, SoCalGas is committed to maintaining an open line of communication with the Commission and intends to report further additional costs as they arise under this uniquely challenging situation.

Please feel free to contact me if you have any questions or need additional information.

Very truly yours,



Dan Skopec
Vice President – Regulatory Affairs

cc: CPUC President Marybel Batjer
Commissioner Liane M. Randolph
Commissioner Clifford Rechtschaffen
Commissioner Genevieve Shiroma
Commissioner Martha Guzman-Aceves
Edward Randolph, Energy Division