

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 18, 2018

Bret Lane  
President and Chief Operating Officer  
Southern California Gas Company  
555 W. 5<sup>th</sup> Street, GT21C2  
Los Angeles, CA 90013

VIA USPS and email [[JLane@semprautilities.com](mailto:JLane@semprautilities.com)]

Dear Mr. Lane:

I am writing to request Southern California Gas Company (SoCalGas) to formally identify for the benefit of the Commission the reasons why certain facilities you own and manage have been out of service for significant periods of time and to explain how these facilities have been accounted for in both revenue requirement and rate base during this period. The Commission is concerned with SoCalGas' responsiveness to these outages and with the impact it is creating on system reliability and costs for ratepayers.

Line 3000 has been out of service since July 29, 2016 and Line 235-2 ruptured on October 1, 2017. While SoCalGas has stated that Line 3000 will return to service in September 2018, SoCalGas has been unable to establish a date for when Line 235-2 will return to service. Though such outages are to be expected periodically, the significant volumes associated with these facilities and the fact they have been out for lengthy periods during peak demand periods—nearly two years for one and over eight months for another—are causes for concern. Therefore, I ask you to notify the Commission of the status of Lines 3000 and Line 235-2 no later than the end of this month.

This Commission has the responsibility to ensure that rates charged by regulated utilities are just and reasonable. Utility ratemaking principles weigh against having ratepayers cover costs of facilities that are not used and useful. For example, Public Utilities Code Section 455.5 provides a general framework for addressing out-of-service generation or production facilities. Other authority, such as Public Utilities Code Section 451, requires the Commission to ensure that rates are just and reasonable. The principles reflected in sections 451 and 455.5 support the Commission's examination of out-of-service plant, such as the pipelines addressed here, to determine if it should be removed from rate-base and customer rates.

Energy Division and the Commission need this information to insure that the Commission can apply appropriate regulatory mechanisms to protect ratepayers up to and including the opening of an investigation. If required, such an investigation could determine if a reduction in rate-base and revenue requirement is warranted when facilities have been out of service for an extended time and consequently are not providing ratepayers with the benefits assumed in the decisions authorizing the utility to recover the costs associated with the facility.

Please provide the requested information by June 29, 2018 and feel free to contact me with any comments or questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "E. Randolph".

Edward Randolph  
Director, Energy Division

cc: Alice Stebbins, Executive Director, CPUC  
Arocles Aguilar, General Counsel, CPUC  
Mitchell Shapson, Legal Division, CPUC  
Jean Spencer, Energy Division, CPUC  
Brian Prusnek, Sempra Utilities