

Application No: A.13-12-013
Exhibit No.: _____
Witness: David Buczkowski

)
Application of Southern California Gas Company)
(U 904 G) and San Diego Gas & Electric Company)
(U 902 G) For Authority To Recover North-South)
Project Revenue Requirement In Customer Rates)
And For Approval Of Related Cost Allocation And)
Rate Design Proposals)
_____)

A.13-12-013
(Filed December 20, 2013)

PREPARED REBUTTAL TESTIMONY ON RATESETTING AND SAFETY OF

DAVID BUCZKOWSKI

SAN DIEGO GAS & ELECTRIC COMPANY

AND

SOUTHERN CALIFORNIA GAS COMPANY

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

June 12, 2015

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1 TURN's proposal should not be adopted. Placing all risk upon a utility of the costs of a
2 project exceeding a pre-established cost cap, regardless of whether those costs are reasonably-
3 incurred, could either discourage infrastructure investment or force utilities to increase their
4 initial project estimates to account for a broader range of potential risks that cannot be
5 completely predicted or controlled. Neither outcome would benefit our customers. If SoCalGas
6 and SDG&E prudently execute a needed infrastructure project through sound project and
7 construction management, thoughtful and preemptive risk mitigation, and proactive and diligent
8 negotiation of purchase orders, construction contracts and change orders, and if the product of
9 this work is natural gas infrastructure that benefits customers for decades, then customers' rates
10 should reflect the full costs of this benefit. Deviation from this policy could encourage behavior
11 that should be discouraged - the inflation of cost estimates to mitigate all potential project risks,
12 regardless of their likelihood of occurring. To facilitate prudent Commission decision-making,
13 the schedules and cost estimates should neither be overly optimistic or overly pessimistic.

14 It is important that the Commission recognize that large, linear infrastructure projects are
15 subject to complex and restrictive regulation and oversight by multiple jurisdictions and
16 agencies. This is especially true for projects constructed in California. Under these conditions,
17 even with the most prudent project management, project risks can, and likely will, materialize.
18 These risks could result in unforeseen increases in project costs above a cost cap through no fault
19 of the utility. In situations where this occurs, a utility should be allowed to demonstrate to the
20 Commission the circumstances that created these additional costs, and that they are reasonable
21 and prudent, in order to justify recovery of all reasonably-incurred costs.

1 **III. SOCALGAS AND SDG&E'S CONTINGENCY AND PUBLIC OUTREACH**
2 **COSTS ARE REASONABLE**

3 In its testimony, ORA recommends a number of specific disallowances relating to project
4 costs, including a disallowance to SoCalGas and SDG&E's forecasted public relations expense.
5 ORA also contends that project contingencies should be denied or capped. Neither
6 recommendation is reasonable.

7 **A. A 5% CONTINGENCY CAP IS UNREASONABLE**

8 SoCalGas and SDGE's approach to establishing the requested contingency amount for
9 the North-South Project is prudent for its size, scope, and complexity. SoCalGas and SDG&E
10 have included a cumulative contingency of 13.8% on a direct cost basis. Considering the
11 uncertainty and variability inherent in a project of this size, scope and complexity, this overall
12 contingency amount is necessary and reasonable. Without analysis to support its
13 recommendation, ORA recommends that the Commission impose a 5% cap on contingency.² As
14 explained further below, a contingency cap of 5% for a project of this size and complexity would
15 be unreasonable, inconsistent with Commission precedent and industry practices, and would not
16 adequately account for project costs that cannot readily be defined.

17 **1. The Contingency Included in the North-South Project is Reasonable Given**
18 **the Inherent Project Risk**

19 Linear pipeline projects are inherently risky, and include a number of variables and
20 uncertainties. The risk of these unknown elements within the defined scope materializing, and
21 the cost associated with these unpredictable costs, is always present on construction projects like
22 the North-South Project. Contingency is a direct cost of the project to account for these
23 unspecified cost elements and will be spent over the course of the project to cover the uncertainty
24 and variability associated with a cost estimate. As previously explained in my Updated Direct

² See Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 79.

1 Testimony, “Including a contingency allows for these costs to be budgeted, even though the
2 exact contingency-related expenditures and unforeseen events are unknown at the current level
3 of project definition.”³

4 **2. SoCalGas and SDG&E’s Contingency Calculation Comports with Prior**
5 **Commission Precedent and Aligns with Industry Estimating Practices**

6 The overall contingency amount of 13.8% for the North-South Project is consistent with
7 prior Commission precedent. Indeed, in authorizing a 15% contingency amount in connection
8 with Southern California Edison’s Tehachapi Renewable Transmission Project (Segments 4
9 through 11), the Commission expressly determined that “a contingency of 15% is consistent with
10 Commission precedent.”⁴ In support of this determination, the Commission cited several
11 examples of utility infrastructure projects for which contingency levels above 13.8% were
12 adopted by the Commission: “For example, D.08-12-058 adopted a contingency of 18.35% for
13 SDG&E’s Sunrise Powerlink Project, D.07-01-040 adopted a contingency of ‘almost 15%’ for
14 SCE’s Devers-Palo Verde No. 2 Project, and D.01-12-017 adopted a contingency of 14.6% for
15 PG&E’s Northeast San Jose Project.”⁵

16 SoCalGas and SDG&E’s method for determining project contingency also aligns with
17 industry estimating practices. SoCalGas and SDG&E agree with ORA that “[w]hile it is true that
18 the Commission has found contingency reasonable in the past, a contingency is not a blank
19 check.”⁶ As noted above and in my Updated Direct Testimony, contingency is a direct cost of
20 the project to account for unforeseeable cost elements that are expected to be incurred over the
21 course of the project.⁷ The contingency applied to the Adelanto to Moreno pipeline was

³ Updated Direct Testimony of David Buczkowski, dated November 12, 2014, page 14.

⁴ D.09-12-044, page 72.

⁵ Id., pp. 72-73.

⁶ Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 78.

⁷ Updated Direct Testimony of David Buczkowski, dated November 12, 2014, page 14.

1 calculated on a project-component activity in accordance with the Project Management
2 Institute’s Project Management Body of Knowledge (PMBOK).⁸ For the Adelanto Compressor
3 Station, we determined contingency at a total project level. Either means of calculating project
4 contingency is an acceptable industry estimating practice.⁹ Furthermore, including an
5 appropriate amount of contingency is supported by the guidelines produced by organizations
6 such as the Association for the Advancement of Cost Engineering International (AACEI) and the
7 Department of Energy (DOE). AACEI defines contingency as:

8 Contingency is a cost element of the estimate used to cover the uncertainty and variability
9 associated with a cost estimate, and un-foreseeable elements of cost within the defined
10 project scope. Contingency covers inadequacies in complete project scope definition,
11 estimating methods, and estimating data.¹⁰

12 The DOE notes that contingency is “a normal component of a project’s costs and is to be
13 included in estimates during the budgeting process, commensurate with project risks.”¹¹

14 Consistent with good estimating practice supported by the Project Management Institute,
15 AACEI, the DOE, as well as my experience working with many of the largest and most
16 sophisticated energy companies and EPC contractors in the world,¹² SoCalGas and SDG&E have
17 taken the prudent approach of contemplating the risks specific to the North-South Project costs
18 when determining a reasonable contingency to include in the cost estimate.

⁸ Id. at p. 14.

⁹ Project Management Institute (PMI) Project Management Body of Knowledge (PMBOK) in section 7.2.2.6 Reserve Analysis states, “contingency reserves can provide for a specific activity, for the whole project, or both”

¹⁰ AACE International Recommended Practice, No. 34-R-05, TCM Framework: 7.3 – Cost Estimating and Budgeting, 2007 p. 4.

¹¹ US DOE Cost Estimating Guide for Program and Project Management, April, 2004, DOE G 430.1-1X, p. 40.

¹² Over the course of my career, I have personally worked for SoCalGas, Fluor, Parsons, and Shell Oil Company and have worked with many of the major EPC’s (*e.g.* Bechtel, Jacobs, AECOM, Kiewit) and energy companies (ExxonMobil, Saudi Aramco, SABIC, Repsol, PEMEX, Sunoco, SCE, SDG&E, PG&E, among others).

1 **3. ORA’s Recommended Contingency Cap of 5% is Without Basis**

2 ORA provides no analysis to support its recommendation of a 5% contingency.¹³

3 Rather, ORA references a Transwestern Pipeline Company LLC (Transwestern) data response
4 indicating it included a 5% contingency on its proposal.¹⁴ ORA’s reliance on the Transwestern
5 project to support its position is misplaced. Transwestern provided only a preliminary cost
6 estimate¹⁵ and indicated in response to data requests that several factors which could influence
7 the cost estimate, including footage by terrain type, number of bores/directional drills, number of
8 crews, required permits and technical studies, and ROW/staging area acquisition plans, among
9 others, were not investigated and would not be until further funding could be justified.¹⁶ As
10 discussed in my Rebuttal Testimony on Project Alternatives, Transwestern has experienced
11 significant project cost increases associated with its Phoenix Expansion Project.¹⁷ In a letter to
12 the Office of the Secretary for the Federal Energy Regulatory Commission, Transwestern
13 explains how the “increased costs for the Phoenix Expansion Project were due primarily to
14 higher than originally budgeted costs for construction labor, materials, and right-of-way
15 acquisitions.”¹⁸ The Transwestern project illustrates the imprudence of ORA’s proposal and

¹³ ORA does not argue with the concept that contingencies on a project are necessary, but rather, recommends capping SoCalGas and SDG&E’s contingency costs at 5%. *See* Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 79.

¹⁴ ORA-NSP-TW-02, Q.1

¹⁵ Direct Testimony of Steven Hearn on behalf of Transwestern Pipeline Company, LLC, page

7.

¹⁶ A.13-12-013, Transwestern response to SoCalGas/SDG&E Data Request No. 1.

¹⁷ Prepared Rebuttal Testimony of David Buczkowski, dated May 8, 2015, Page 3.

¹⁸ FERC Docket No. CP06-459-000, Phoenix Expansion Project Cost Statement, Filed October 16, 2009. Transwestern further states: “The [Phoenix Expansion] Project’s original budget did not anticipate certain additional costs due to a variety of issues, including rock removal, dust control measures, off-road deterrents, additional site monitors and survey crews, extra horizontal directional drills, and move-around/stand-by charges from contractors caused primarily by archeological investigations and landowner issues. Also, Transwestern underestimated land acquisition costs and legal expenses incurred to acquire right-of way for this [Phoenix Expansion] Project. These land costs were higher than anticipated due to, among other reasons, failure to receive injunctive relief for immediate possession from the federal courts.

1 demonstrates why it is essential to include reasonable and prudent contingencies in cost
2 estimates for large infrastructure projects.

3 In contrast, TransCanada Pipelines Limited/North Baja Pipeline LLC (TransCanada)
4 provides what appears to be a more realistic contingency percentage in a data response to
5 SoCalGas.¹⁹ TransCanada’s cost estimate for its proposed project includes project cost
6 contingencies of 10% or 15% depending on project element. While SoCalGas and SDG&E do
7 not endorse TransCanada’s alternative project, its contingency seems more aligned with industry
8 estimating practices.

9 ORA’s recommendation of a 5% contingency cap for the North-South Project would
10 significantly understate the required cost contingency commensurate with the risk profile
11 associated with this project, be significantly less than the contingency amount following industry
12 estimating practices, and lower than cost contingencies previously approved by the Commission
13 for projects containing lower risk.²⁰

14 **B. ORA’S PROPOSED DISALLOWANCE OF CONTINGENCY FOR**
15 **THE ADELANTO COMPRESSOR STATION TAX IS NOT**
16 **WARRANTED**

17 Common industry estimating practices support the application of contingency reserves
18 for a specific activity, the whole project, or both. Contingency for the Adelanto Compressor
19 Station was applied uniformly across the entire project.

Increased costs for AFUDC reflect an approximately ten-month delay in placing the Phoenix Expansion Project into service.”

¹⁹ SCG-TransCanada-DR2.

²⁰ Prepared Updated Direct Testimony of David Buczkowski, dated November 12, 2014, page 14. “(I)n D.09-03-026, the Commission authorized PG&E’s Smart Meter Program Upgrade. The approved authorized cost of that project included a risk based allowance (i.e., contingency) of 12.9%. In another example, in D.06-07-027 the Commission authorized PG&E’s Advanced Metering Infrastructure project with an 8.0% contingency included in the cost estimate.”

1 ORA contends that “[u]sing a single contingency rate for the entire project results in a
2 number of unreasonably high contingency line items.”²¹ In particular, ORA cites to the level of
3 tax contingency for the North-South Project and recommends “disallowance of the 15%
4 contingency for taxes included in the Adelanto compressor station materials forecast, which
5 results in a disallowance of \$866,445.”²² A disallowance of the 15% contingency included in the
6 “tax” line item associated with the Adelanto Compressor Station is without merit.

7 As discussed above, the overall contingency amount applied across the entire project is
8 appropriate for the Adelanto Compressor Station, is supported by PMBOK, and is reasonable to
9 cover the inadequacies in the project scope, estimating methods, and estimating data. Singling
10 out a single element within the overall contingency amount for disallowance could render the
11 overall contingency amount unreasonable and insufficient to account for overall project costs.

12 **C. COMPREHENSIVE PROJECT OUTREACH AND EDUCATION²³**
13 **IS CRITICAL TO THE SUCCESS OF THE NORTH-SOUTH**
14 **PROJECT**

15 Major pipeline infrastructure projects undoubtedly have an impact on the communities
16 through which they pass. To reduce this impact and facilitate successful project completion, a
17 proposed infrastructure project of the scale of the North-South Project requires a comprehensive
18 project outreach and education program to mitigate risks that could directly impact the project’s
19 progress and schedule and result in an increase in project costs and generate public discontent
20 with the project.²⁴ An inconsistent and limited project outreach and education program may
21 create complications and complexities associated with the planning and execution of the project,

²¹ Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 80.

²² Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 80.

²³ For the purpose of clarity in this rebuttal testimony, the Public Relations costs included in my testimony will be referred to as “project outreach and education.”

²⁴ The project outreach and education budget is distinct from the efforts required to support the CPUC and United States Forest Service public scoping as part of the CEQA/NEPA process before a final EIR/EIS is issued for the North-South Project.

1 which could significantly increase overall project costs, and may increase the potential for
2 litigation.

3 ORA recommends a substantial disallowance to SoCalGas and SDG&E’s project
4 outreach and education budget. In support of its recommendation, ORA compares SoCalGas and
5 SDG&E’s proposed project outreach and education program to PG&E’s spend of
6 “approximately \$5 million on a mailing communicating pipeline safety information to every
7 PG&E customer within 2,000 feet of PG&E gas transmission line.”²⁵ These two programs are
8 not analogous. PG&E’s spend was for a routine triennial mailing to customers, and is not
9 comparable to the project outreach and education efforts necessary to support the development
10 and construction of a large, linear infrastructure project. SoCalGas and SDG&E’s proposed
11 project outreach and education program is essential to meet the Commission’s past directives to
12 effectively communicate with the public about a project’s purpose, regulatory approval process,
13 timeline, construction and implementation.²⁶

14 ORA further asserts that “Sempra does not speak to the necessity of the expense in
15 testimony.”²⁷ The entire focus of SoCalGas’ proposed project outreach and education program is
16 to communicate with the general public and project stakeholders, including residential and
17 commercial customers located near the Adelanto compressor station and along the proposed
18 pipeline route, community and business leaders, environmental groups, and elected officials
19 regularly during the six-year timespan of the project. The proposed project outreach and

²⁵ Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 77.

²⁶ D.14-03-021. Decision on Issues Concerning Voluntary Conversion of Electric and Natural Gas Master-Metered Service at Mobilehome Parks and Manufactured Housing Communities to Direct Service by Electric and/or Natural Gas Corporations. Ordering Paragraph 4: “Major components of the...program...must include...outreach and education...”

²⁷ Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 77.

1 education program includes multiple touch points throughout each year, including but not limited
2 to, a direct mailing.

3 SoCalGas and SDG&E perform this function through community educational events,
4 mass media, social media, and internal and external communications methods throughout the
5 duration of the project. SoCalGas and SDG&E estimate total costs of \$4,450,000 to provide
6 effective community outreach and education for a six-year time period. The project outreach and
7 education program is less than 1% of the total project cost and is comprised of approximately
8 \$2.9 million non-labor and \$ 1.55 million Company labor. The project outreach and education
9 program will need to be implemented, modified and sustained for the six-year project term, and
10 will include the following components:

11 **Creative & Production** - costs includes the creation and production of overall project
12 messaging, presentations, collateral, and visual aids.

13 **Research/Focus Groups** - costs for research and focus groups to develop messaging and
14 provide feedback on public opinion on the project.

15 **Website Development** – costs for the implementation of a website dedicated to
16 educating and informing interested parties about the project, sustainment of the website,
17 and update on the project’s progress.

18 **Direct Mail** – costs to create mailing pieces and send to residents, community,
19 environmental and business organizations, elected officials, and other key audiences
20 along the proposed pipeline route and around the Adelanto Compressor Station to inform
21 them about the project each year.

1 **Community Meetings** –costs to host open community meetings for residents to learn
2 about the project, to receive project updates and provide input on the project.

3 **Community Based Outreach Program** - costs for outreach to specialized organizations,
4 including environmental, community and business groups, and local elected officials to
5 inform these groups about the project, receive project updates, and provide input.

6 **Advertisement** – costs to utilize web and print advertising to provide information about
7 the project and community meetings across a variety of formats.

8 **Social Media** – reach general public through social and mobile advertising. Includes
9 outreach via community and organizational pages.

10 To effectively manage significant project risks, SoCalGas needs to work closely with
11 impacted communities to provide information about the project, listen and respond to community
12 concerns, and be a liaison between the construction contractors and the community. ORA’s
13 recommendations to cut the project outreach and education budget in this project would prevent
14 the execution of an effective project outreach and education program and expose the project to
15 the following risks:

- 16 1) Inability to identify key issues and possible community impacts
- 17 2) Misinformation or outdated information to the public on the project’s progress
- 18 3) Inability to educate community and business organizations on potential impacts
- 19 4) Inability to effectively update elected officials to respond to their constituents

20 The project outreach and education program is a fundamental component to the
21 successful implementation of the North-South Project. Accordingly, ORA’s proposal to hinder
22 implementation of a comprehensive outreach and education plan in support of the North-South
23 Project should not be adopted.

1 **IV. SOCALGAS AND SDG&E'S PROPOSED POST START-UP O&M COSTS ARE**
2 **REASONABLE**

3 The North-South Project includes approximately \$2.4 million in estimated annual post-
4 construction O&M cost, \$800,000 of which are to account for anticipated greenhouse gas
5 emission fees.²⁸ The remaining \$1.6 million in estimated incremental costs are for the safe
6 operation and maintenance of the Adelanto Compressor Station, Adelanto to Moreno pipeline,
7 Moreno Pressure Limiting Station, Whitewater Pressure Limiting Station, Shaver Summit
8 Pressure Limiting Station and Desert Center Pressure Limiting Station post-construction.

9 SoCalGas and SDG&E developed the incremental O&M cost estimate for the upgraded
10 Adelanto Compressor Station (approximately \$800,000) based on requirements to operate and
11 maintain four new gas turbine driven compressors (approximately 30,000 horsepower), emission
12 controls equipment, gas piping, on-site power generation, and cooling systems. SCGC states
13 SoCalGas and SDG&E should not be allowed incremental compressor O&M because the new
14 compressor station replaces an existing compressor station. The existing station is not
15 comparable to the proposed compressor station for estimating O&M costs, emissions fees, and
16 other costs. First, the upgraded station will have three times the horsepower as the existing
17 station, modern emission control systems and significantly more auxiliary equipment.
18 Furthermore, the existing station has not been required to operate routinely and therefore, the
19 average annual O&M costs have been \$60,000, which is well below operating costs if the station
20 operated routinely.

21 SoCalGas developed the incremental pipeline operations and compliance O&M cost
22 estimate for the Adelanto to Moreno pipeline, Moreno Pressure Limiting Station, Whitewater
23 Pressure Limiting Station, Shaver Summit Pressure Limiting Station and Desert Center Pressure

²⁸ The greenhouse gas emission fees O&M cost estimate is addressed in the Prepared Rebuttal Testimony on Ratesetting and Safety of S. Nasim Ahmed.

1 Limiting Station (approximately \$200,000) based on miles of new pipeline, pipeline alignment,
2 number of new mainline valves, upgrades to the pressure limiting stations, workforce skill
3 requirements and current regulations.

4 SCGC contends that post-startup O&M costs are excessive, and that “Mr. Buczkowski’s
5 estimate of \$800,000 for O&M pipeline operations and compliance plus right-of-way is too high
6 since 63 miles at \$4,813 per mile amounts to only \$303,219.”²⁹ As a result of examining SCGC’s
7 arguments, SoCalGas and SDG&E determined the ongoing O&M estimate for right-of-way
8 mitigation fees (\$600,000) was inadvertently included in both capital expenditures and estimated
9 ongoing O&M costs. As explained by Mr. Yee in his Rebuttal Testimony, these costs are
10 appropriately included in our capital estimate.³⁰ They should not also be included in our ongoing
11 O&M estimate and will be removed. Because this adjustment relates to ongoing post-
12 construction O&M, it does not impact the total estimated project cost of \$855.5 Million.

13 As stated in the Updated Direct Testimony of Mr. Ahmed, the incremental annual O&M
14 expenses estimated here will be recorded in the North South Infrastructure Memorandum
15 Account for recovery in rates until these costs are included in a test year of a General Rate
16 Case.³¹

17 **V. INTERVENOR PIPELINE ALTERNATIVES ARE UNDERVELOPED AND**
18 **SUBJECT TO SIGNIFICANT COST INCREASES**

19 The City of Long Beach states that the “alternatives proposed by the three interstate
20 pipeline companies could provide the same benefits as the North-South Project at lower overall

²⁹ Direct Testimony of Catherine E. Yap on behalf of Southern California Generation Coalition, dated May 8, 2015, pages 21-22.

³⁰ Prepared Rebuttal Testimony on Ratesetting and Safety of Garry Yee, dated June 12, 2015.

³¹ Updated Direct Testimony of S, Nasim Ahmed, dated November 12, 2014, page 2.

1 cost and lower ratepayer cost and risk.”³² TURN also states, “El Paso’s pipeline proposal
2 appears to be less costly and provides the same storage-based supply reliability as Sempra’s
3 proposal.”³³ These statements are simply not true. SoCalGas and SDG&E do not have a
4 contract in place with those potential suppliers, so the potential rate structures, terms, and rates
5 the interstate pipelines will demand are presently unknown. As discussed further in Mr. Bisi’s
6 Rebuttal Testimony, the physical alternatives presented by the interstate pipelines do not meet
7 the purpose and need of the North-South Project.³⁴ Moreover, intervenor’s proposals have
8 omitted project scope and include conceptual cost estimates that are subject to significant project
9 cost increases once engineering, planning, and environmental review commences.

10 **VI. THE SAFETY OF THE NORTH-SOUTH PROJECT WILL BE EVALUATED AS**
11 **PART OF THE CEQA PROCESS**

12 In its Testimony, ORA notes that “[a]t the time the [North-South Project] was filed,
13 Sempra did not provide a substantive analysis of the safety implications for the [North-South
14 Project], nor did it provide any risk analysis.”³⁵ Further, ORA states that “Sempra should
15 provide a risk analysis for the North-South Project, given the magnitude of the project and the
16 potential impacts to public safety.”³⁶ SoCalGas and SDG&E submitted a Proponent’s
17 Environmental Assessment (PEA) for the North-South Project on June 6, 2014.³⁷ SoCalGas and
18 SDG&E state in the PEA that they will prepare and submit to the Commission a Safety and
19 Reliability Study as part of the California Environmental Quality Act (CEQA) process.³⁸

³² Prepared Direct Testimony of Mark Fulmer on behalf of The City of Long Beach, dated May 8, 2015, page 7.

³³ Prepared Direct Testimony of Herbert Emmrich on Cost Allocation and Rates on behalf of The Utility Reform Network, dated May 8, 2015, page 2.

³⁴ Prepared Rebuttal Testimony of David M. Bisi, dated May 8, 2015, pages 4-6.

³⁵ Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 4.

³⁶ Id. at p. 5.

³⁷ This PEA was prepared in response to the Scoping Memo and Ruling dated May 5, 2014.

³⁸ North-South Project PEA p. 5-443.

1 The Safety and Reliability Study will include, among other things, an evaluation of
2 potential impacts to public safety that could result from the Project, together with any mitigation
3 measures needed to reduce those impacts to a level that is less than significant, as required by
4 CEQA. SoCalGas and SDG&E anticipate they will submit their Safety and Reliability Study to
5 the Commission in the coming months. Upon submittal, the Commission’s Energy Division will
6 evaluate SoCalGas and SDG&E’s Safety and Reliability Study and thereafter use its independent
7 judgement to analyze and disclose the potential safety risks associated with the North-South
8 Project within the “Hazards and Hazardous Materials” section of the Environmental Impact
9 Report as part of the CEQA Process. Consequently, SoCalGas and SDG&E believe that the
10 Commission will ensure that ORA’s concerns regarding potential safety impacts are properly
11 addressed through the CEQA process.

12 This concludes my prepared rebuttal testimony on ratesetting and safety issues.