

**SOUTHERN CALIFORNIA GAS COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY**

**APPLICATION TO RECOVER COSTS RECORDED IN THE
PIPELINE SAFETY AND RELIABILITY MEMORANDUM ACCOUNTS,
THE SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNTS, AND
THE SAFETY ENHANCEMENT CAPITAL COST BALANCING ACCOUNTS
(A.16-09-005)**

(2ND DATA REQUEST FROM TURN)

Date Requested: June 19, 2017

Date Responded: July 6, 2017

QUESTION 2.1:

2.1. These questions are directed at the workpapers regarding the Line 1005 Replacement Project.

- 2.1.1. With respect to the statement on page WP-III-A3: “Included in this project was 52 feet of pipe accelerated from SoCalGas and SDG&E’s PSEP Phase 2B. This Phase 2B mileage was included to realize efficiencies and enhance project constructability.”**
- 2.1.1.1. Please describe in specific terms what pipe corresponds to the 52 feet of pipe accelerated from Phase 2B and show the location of the pipe in Figures 1 and 2.
- 2.1.1.2. Please state in detail the basis for including the pipe in the Line 1005 replacement project.
- 2.1.1.3. Please demonstrate that there were cost savings achieved by including the 52 feet of pipe in the project by showing the cost estimates including and excluding this length of pipe.

RESPONSE 2.1:

- 2.1.1.1 The 52 feet of accelerated pipe from Phase 2B is Category 1 pipe installed in 1951. The accelerated pipeline is reflected in blue dotted marks on Figure 3, within the replaced pipeline (shown in green).
- 2.1.1.2 As stated in Direct Testimony Chapter 2 (Phillips) at p. 9, accelerated miles are miles that otherwise would be addressed in a later phase of PSEP under the approved prioritization process, but are advanced to Phase 1A to realize operating and cost efficiencies. By extending the pipeline replacement by 52 feet, SoCalGas connected to a Category 1 pipe segment installed in 2004. SoCalGas maximized efficiencies by addressing this 52-foot section of Phase 2B pipe while the pipeline already was taken out of service and thereby eliminated the need for a future Phase 2B project and the associated costs.
- 2.1.1.3 SoCalGas and SDG&E did not prepare a cost estimate to compare the cost of including the 52 feet of pipe within the scope of this Phase 1A project versus excluding the 52 feet and addressing that segment in a later project. Based on operator knowledge and experience, excluding the 52 feet from the scope of this project would require a separate project to be planned and executed in a future PSEP phase, which in turn would duplicate the activities and expenses undertaken in the Seven Stage Review Process for this project. Included in these activities and

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expenses are engineering and design, material procurement, and related construction activities. Including the accelerated segment now also avoids future system impact of taking the pipeline out of service again at a later time.

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QUESTION 2.1.2:

2.1.2. With respect to the statement at page WP-III-A14: “Materials that were promised to be delivered prior to construction were delayed by 2.5 months, which delayed construction. This delay resulted in the first demobilization and remobilization.”

- 2.1.2.1. Please specify the materials referred to in this statement.
- 2.1.2.2. Please state the date that the materials were due to be received and the date that they were actually received.
- 2.1.2.3. Was the supplier required to manufacture materials for the job that met certain specifications?
- 2.1.2.4. If the answer to the previous question is “yes,” please specify what the supplier had to manufacture to meet the job requirements.
- 2.1.2.5. Were these materials specialized materials or uncommon in any way?
- 2.1.2.6. If the answer to the previous question is “yes,” please specify what aspects of these materials made them uncommon or specialized.
- 2.1.2.7. If the materials were not specialized, why did SoCalGas wait for the supplier to deliver the materials instead of obtaining them from an alternate supplier?
- 2.1.2.8. Who was the supplier that failed to delivered the promised materials?
- 2.1.2.9. Had SoCalGas used this supplier previously?
- 2.1.2.10. If the answer to the previous question is “yes,” on how many previous occasions had SoCalGas used this supplier?
- 2.1.2.11. If the answer to the question prior to the previous question is “no,” what specific actions did SoCalGas take to vet the supplier to ensure the supplier was reliable?
- 2.1.2.12. Did SoCalGas’ contract with the supplier have a provision for the supplier to pay for damages in the event of a failure to meet its contractual obligations to deliver the materials in a timely fashion?
- 2.1.2.13. If the answer to the previous question is “yes,” please state the amount of damages allowed for it the contract and whether SoCalGas obtained these damages from the supplier because of the 2.5-month delay in obtaining the materials.
- 2.1.2.14. If the answer to the question prior to the previous question is “no,” please state why SoCalGas has no provision for obtaining damages from suppliers that fail to perform under their contracts.
- 2.1.2.15. Please state the date that the construction site was mobilized.
- 2.1.2.16. Why was the site mobilized before the materials were actually received?

- 2.1.2.17. Please describe in detail what actions were involved to mobilize the construction site.

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- 2.1.2.18. Please identify the costs associated with mobilizing the site.
 - 2.1.2.19. Please state the date that the construction site was demobilized.
 - 2.1.2.20. Please describe in detail what actions were involved to demobilize the site.
 - 2.1.2.21. Please identify the costs associated with demobilizing the site.
 - 2.1.2.22. Was the crew and/or equipment utilized in other PSEP projects while the construction site remained demobilized?
 - 2.1.2.23. Was the cost of mobilizing and demobilizing the site reflected in the cost variance shown on page WP-III-A16?
 - 2.1.2.24. If the answer to previous question is “yes,” please state the amount and indicate which category reflects the added cost.
 - 2.1.2.25. Please provide a copy of all Change Order materials or other notices or correspondence provided to SoCalGas’ PSEP management team by its contractor that are related to the delay or added cost created by the failure to deliver materials described above in the cited quotation.
 - 2.1.2.26. Please provide a copy of all of SoCalGas’ PSEP management team’s responses to its contractor in regards to these change order materials, notices or correspondence.

RESPONSE 2.1.2:

- 2.1.2.1 The materials that caused the delay were 20x12 barred reducing tees.
- 2.1.2.2 The tees were ordered on 6/2/14, at which time the supplier estimated 12-15 weeks to manufacture them. A quality audit of the tees occurred on 9/17/14 at the manufacturer’s facility. The tees were received at SoCalGas’ material receiving facility on 10/13/14. The tees were received at the Line 1005 work site on 11/11/14. See also Response 2.1.2.8.
- 2.1.2.3 Yes.
- 2.1.2.4 **The attached supporting documents include Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** See the Gas Operations Material Specifications in the attachment folder.
- 2.1.2.5 Yes.
- 2.1.2.6 The 20x12 reducing tees were required to be modified to include guide bars.

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- 2.1.2.7 Not applicable.
- 2.1.2.8 **Please note that the contractor's name is Confidential and Protected Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** [REDACTED] was the distributor. The material delay was not due to the distributor. Two issues contributed to the delay: 1) a SoCalGas/SDGE self-imposed quarantine based on quality and safety concerns and 2) a discrepancy during inspection of this barred tee. The quarantine was initiated after quality issues arose on a similar fitting on another PSEP project. SoCalGas/SDGE placed a hold on installation of all fittings, of a similar type, in order to conduct an investigation. The fitting was cleared for installation in early November. The second factor that contributed to the delay was that, during the first inspection of the fitting, there was a discrepancy in heat numbers for the material that required a second inspection visit.
- 2.1.2.9 Yes.
- 2.1.2.10 **Please note that the following response contains Confidential and Protected Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** SoCalGas issued 1,395 Purchase Orders to [REDACTED] between 2010 and the date of the Line 1005 Purchase Order; 17 of the purchase orders which were issued in connection to PSEP.
- 2.1.2.11 Not applicable.
- 2.1.2.12 Yes.
- 2.1.2.13 SoCalGas' contract with the distributor does not pre-specify the amount of damages allowed if the distributor fails to meet its contractual obligation to deliver the materials in a timely fashion.
- 2.1.2.14 Not applicable.
- 2.1.2.15 September 2, 2014.
- 2.1.2.16 The decision to mobilize before these materials were received was based on the Commission's direction to test or replace PSEP pipeline segments "as soon as practicable," and the construction sequencing of when these materials were anticipated to be required.

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- 2.1.2.17 A typical PSEP pipeline project mobilization includes: hauling equipment and temporary facilities such as office trailers, heavy equipment, and portable restrooms to the jobsite; site-specific training; crew mobilization; receiving and unloading tools and supplies; kick-off meeting with construction management, inspectors, project team, contractor, and other stakeholders; and site preparation activities, such as laying out temporary facilities and installing temporary fencing.
- 2.1.2.18 The cost of the first site mobilization was \$11,018. In addition to these costs, there may be additional costs for SoCalGas/SDG&E labor and non-construction costs for activities, such as project management and inspection services, that were not tracked and reported separately for this specific delay.
- 2.1.2.19 The construction site was first demobilized on October 6, 2014.
- 2.1.2.20 During demobilization, the job site is generally returned to its pre-construction condition. Activities include removal of items brought and installed during mobilization and crew demobilization.
- 2.1.2.21 Inspector standby costs were \$151,349 and the Construction Contractor's cost for the first demobilization and remobilization was \$94,619. In addition to these direct costs, there may be additional costs for SoCalGas/SDG&E labor and non-construction costs for activities, such as project management and inspection services, that were not tracked and reported separately for this specific delay.
- 2.1.2.22 Once a construction contractor demobilizes its crew and transports its equipment off the site, the construction contractor determines whether to shift those resources to a different SoCalGas and SDG&E PSEP project or some other project. However, SoCalGas and SDG&E and Performance Partner Construction Contractors generally cooperate to divert demobilized resources to other active projects that the Performance Partner is working on for SoCalGas and SDG&E.
- 2.1.2.23 Yes.
- 2.1.2.24 The costs for demobilizing and remobilizing are included in Table 4: L-1005 Replacement Project Phase 2 WOA Estimate and Actual Costs (WP-III-A16), in the Contract Cost category for both the estimate (Phase 2 WOA) and the actual (Capital) costs for this project. The Contract Costs variance (Delta) reflects the difference between the estimate (Phase 2 WOA) and the actual costs (Capital).

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See the response to TURN-SCGC-02 Question 2.1.2.18 for demobilization costs and the response to TURN-SCGC-02 Question 2.1.2.21 for mobilization costs.

- 2.1.2.25-26 **The attached supporting documents include Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** Copies of change orders and Requests for Information (RFIs) are provided in the attachment folder.

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QUESTION 2.1.3:

- 2.1.3. **With respect to the statement at pages WP-III-A14 & WP-III-A15: “SoCalGas worked actively with Santa Barbara County to obtain permits in a timely fashion. However, at Site 1 a one month delay was caused by difficulties securing an encroachment permit that was held up due to a last minute request from the County to provide proof of the Coastal Commission’s exemption. The delay resulted in a second demobilization and remobilization of 4.5 weeks.”**
- 2.1.3.1. Why was the site mobilized before the permit was received?
- 2.1.3.2. Had the County stated that it would issue the permit to SoCalGas before the site was mobilized?
- 2.1.3.3. If the answer to the previous question is “yes,” who at the County made the stated the permit would be issued and did SoCalGas receive the statement verbally or in writing?
- 2.1.3.4. Please describe in detail what actions were involved to demobilize the construction site.
- 2.1.3.5. Please identify the costs associated with demobilizing the site.
- 2.1.3.6. Was the crew and/or equipment utilized in other PSEP projects while the construction site remained demobilized?
- 2.1.3.7. Please describe in detail what actions were involved to remobilize the construction site.
- 2.1.3.8. Please identify the costs associated with remobilizing the site.
- 2.1.3.9. Was the cost of demobilizing and remobilizing the site reflected in the cost variance shown on page WP-III-A16?
- 2.1.3.10. If the answer to previous question is “yes,” please state the amount and indicate which category reflects the added cost.
- 2.1.3.11. Please provide a copy of all Change Order materials or other notices or correspondence provided to SoCalGas’ PSEP management team by its contractor that are related to the delay or added cost created by the failure to timely obtain the permit as described above in the cited quotation.
- 2.1.3.12. Please provide a copy of all of SoCalGas’ PSEP management team’s responses to its contractor in regards to these change order materials, notices or correspondence.

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RESPONSE 2.1.3:

- 2.1.3.1 As depicted in Figure 1 (WP-III-A4), this project was composed of two different sites along Line 1005. A laydown yard was set up in between the two sites in order to realize efficiencies. Site 2 did not require the same encroachment permit that Site 1 required from the County of Santa Barbara. The project was mobilized to commence work at Site 2, which had secured a private easement on September 2, 2014, and work was performed on Site 2 while awaiting the permit for Site 1. The decision to mobilize Site 2 before receiving the permit for Site 1 was based on the Commission's direction to test or replace PSEP pipeline segments "as soon as practicable."
- 2.1.3.2 The County did not state the permit would be issued before the site was mobilized. SoCalGas and SDG&E initiated construction at Site 2, for which the easement had already been secured, while the permit for Site 1 was being processed by the County.
- 2.1.3.3 Not applicable.
- 2.1.3.4 As stated in response to TURN-SCGC 2.1.2.17, a typical PSEP pipeline project mobilization includes: hauling equipment and temporary facilities such as office trailers, heavy equipment, and portable restrooms to the jobsite; site-specific training; crew mobilization; receiving and unloading tools and supplies; kick-off meeting with construction management, inspectors, project team, contractor, and other stakeholders; and some site preparation activities such as laying out temporary facilities and installing temporary fencing.
- 2.1.3.5 Inspector standby costs were \$49,574 and the Construction Contractor's costs for demobilization and remobilization were \$33,926. In addition to these direct costs, there may be additional costs for SoCalGas/SDG&E labor and non-construction costs for activities, such as project management and inspection services, that were not tracked and reported separately for this specific delay.
- 2.1.3.6 Once a construction contractor demobilizes its crew and transports its equipment off the site, the construction contractor determines whether to shift those resources to a different SoCalGas/SDG&E PSEP project or some other project. However, SoCalGas/SDG&E and Performance Partner Construction Contractors

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generally cooperate to divert demobilized resources to other active projects that the Performance Partner is working on for SoCalGas and SDG&E.

- 2.1.3.7 As stated in response to TURN-SCGC 2.1.2.20, during demobilization, the job site is generally returned to its pre-construction condition. Activities include removal of items brought and installed during mobilization and crew demobilization.
- 2.1.3.8 The Construction Contractor's costs for demobilization and remobilization were \$33,926. In addition to these direct costs from the contractor, there may be additional costs for SoCalGas/SDG&E labor and non-construction costs for activities, such as project management and inspection services, that were not tracked and reported separately for this specific delay.
- 2.1.3.9 Yes.
- 2.1.3.10 The costs for demobilizing and remobilizing are included in Table 4: L-1005 Replacement Project Phase 2 WOA Estimate and Actual Costs (WP-III-A16), in the Capital (actual) Contract Costs category. The costs for the second demobilization and subsequent remobilization were not anticipated and therefore were not included in the estimate (Phase 2 WOA) Contract Costs and as such are reflected in the variance (Delta). See the response to TURN-SCGC-002 Question 2.1.3.5 and TURN-SCGC-002 Question 2.1.3.8 for demobilization and remobilization costs.
- 2.1.3.11-12 **The attached supporting documents include Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** Copies of change orders and Requests for Information (RFIs) are provided in the attachment folder.

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QUESTION 2.1.4:

- 2.1.4. **With respect to the statement at page WP-III-A15: “Due to the potential presence of unknown underground lines, the contractor was instructed to hand dig prior to mechanical digging.”**
- 2.1.4.1. Were the underground lines referred to in this statement reflected on any maps or diagrams for this installation?
- 2.1.4.2. Did SoCalGas conduct any procedures, such as potholing, to determine whether there were underground lines?
- 2.1.4.3. If the answer to the previous question is “yes,” please indicate when the potholing or other procedures were conducted relative to the time the contractor was required to conduct the hand digging.
- 2.1.4.4. What was the incremental cost associated with the requirement to proceed with hand digging initially rather than mechanical digging?
- 2.1.4.5. Was this cost reflected in the cost variance shown on page WP-III-A16?
- 2.1.4.6. If the answer to previous question is “yes,” please state the amount and indicate which category reflects the added cost.
- 2.1.4.7. Please provide a copy of all Change Order materials or other notices or correspondence provided to SoCalGas’ PSEP management team by its contractor that are related to any delay or added cost created by the need to hand dig as described above in the cited quotation.
- 2.1.4.8. Please provide a copy of all of SoCalGas’ PSEP management team’s responses to its contractor in regards to these change order materials, notices or correspondence.

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RESPONSE 2.1.4:

- 2.1.4.1 The underground utility duct bank was not reflected in the designs or plans.
- 2.1.4.2 Yes.
- 2.1.4.3 The utility duct bank was not identified through the substructure research process, which involves searching on maps and records for utilities prior to potholing. Potholing was conducted thereafter in January 2014 during the design phase. Since the research did not indicate the presence of a duct bank, potholing was not performed in that particular location.
- Hand digging began in January 2015.
- 2.1.4.4 The incremental cost associated with hand digging was \$75,588. In addition to these direct costs from the contractor, there may be additional costs for SoCalGas/SDG&E labor and non-construction costs for activities, such as project management and inspection services. These costs were not tracked and reported separately for this specific delay.
- 2.1.4.5 Yes.
- 2.1.4.6 The incremental cost of hand digging is included in Table 4: L-1005 Replacement Project Phase 2 WOA Estimate and Actual Costs (WP-III-A16), in the Capital (actual) Contract Costs category. Because the estimate assumed mechanical digging methods would be used, the incremental cost of hand digging was not included in the estimate (Phase 2 WOA) Contract Costs and as such are reflected in the variance (Delta). See the response to TURN-SCGC-002 Question 2.1.4.4 for the incremental costs of hand digging.
- 2.1.4.7-8 **The attached supporting documents include Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** Copies of change orders and Requests for Information (RFIs) are provided in the attachment folder.

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QUESTION 2.1.5:

- 2.1.5. **With respect to the statement at page WP-III-A15: “The local electric utility had located a transformer near SoCalGas’ easement, which needed to be relocated to allow for the SoCalGas’ work to proceed. SCE had to secure a separate easement for the transformer, which caused delays.”**
- 2.1.5.1. Please state the amount of the delay that was caused by SCE’s relocating the transformer.
- 2.1.5.2. Please identify by date the period of delay associated with the transformer relocation.
- 2.1.5.3. Did the delay take place while the construction site was mobilized?
- 2.1.5.4. Did SoCalGas first identify the location of the SCE transformer relative to the L1005 replacement project prior to Phase 5?
- 2.1.5.5. If the answer to the previous question is “no,” why did SoCalGas fail to identify the location of the transformer prior to Phase 5?
- 2.1.5.6. Was the transformer hidden or otherwise obscured from view?
- 2.1.5.7. Does SoCalGas routinely check for the presence of other utility equipment when planning, designing, and engineering projects?
- 2.1.5.8. If the answer to the previous question is “yes,” why didn’t the check uncover the existence of the transformer?
- 2.1.5.9. If the answer to the question prior to the previous question is “no,” why doesn’t SoCalGas check for the presence of other utility equipment when planning, designing, and engineering projects?
- 2.1.5.10. Please provide a copy of all Change Order materials or other notices or correspondence provided to SoCalGas’ PSEP management team by its contractor that are related to the delay or additional cost created by the need for SCE to relocate its transformer described above in the cited quotation.
- 2.1.5.11. Please provide a copy of all of SoCalGas’ PSEP management team’s responses to its contractor in regards to these change order materials, notices or correspondence.

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RESPONSE 2.1.5:

- 2.1.5.1 The length of delay was not quantified because the transformer easement issue was mitigated before other concurrent project delays, and thus did not cause an overall construction delay or a demobilization.
- 2.1.5.2 The construction timeline anticipated that the local utility would resolve this issue in early September 2014; however, it was not resolved until late November 2014.
- 2.1.5.3 Yes.
- 2.1.5.4 The proposed location of the transformer was identified during design, prior to Stage 5.
- 2.1.5.5 Not applicable.
- 2.1.5.6 The local electric utility planned to install a new transformer.
- 2.1.5.7 Yes.
- 2.1.5.8 A physical transformer was not located in the field. The local electric utility planned to install the transformer.
- 2.1.5.9 Not applicable.
- 2.1.5.10-11 **The attached supporting documents include Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** Copies of change orders and Requests for Information (RFIs) are provided in the attachment folder.

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(A.16-09-005)**

(2ND DATA REQUEST FROM TURN)

Date Requested: June 19, 2017

Date Responded: July 6, 2017

QUESTION 2.1.6:

- 2.1.6. **With respect to the statement: “The provision of CNG to maintain customer service required a temporary lot for the CNG trucks and additional work to connect the customer to the CNG.”**
- 2.1.6.1. When did SoCalGas determine that CNG was required to assure uninterrupted customer service?
- 2.1.6.2. Why wasn't the need for CNG anticipated in the planning and engineering stages so that it was reflected in the bid materials provided to the contractor?
- 2.1.6.3. Did the need for CNG create any delay in the project construction?
- 2.1.6.4. If the answer to the previous question is “yes,” please state how much delay was created and identify the cost associated with the delay.
- 2.1.6.5. Please provide a copy of all Change Order materials or other notices or correspondence provided to SoCalGas' PSEP management team by its contractor that are related to the delay or added created by the failure to anticipate the need for CNG as described above in the cited quotation.
- 2.1.6.6. Please provide a copy of all of SoCalGas' PSEP management team's responses to its contractor in regards to these change order materials, notices or correspondence.

RESPONSE 2.1.6:

- 2.1.6.1 December 31, 2014.
- 2.1.6.2 The need for CNG was not anticipated before construction because the operating district had previously confirmed an adjacent distribution pipeline could support customer load. SoCalGas and SDG&E subsequently determined the distribution line could not support the customer load as planned.
- 2.1.6.3 No.
- 2.1.6.4 Not applicable.
- 2.1.6.5-6 **The attached supporting documents include Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** Copies of change orders and Requests for Information (RFIs) are provided in the attachment folder.

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THE SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNTS, AND
THE SAFETY ENHANCEMENT CAPITAL COST BALANCING ACCOUNTS
(A.16-09-005)**

(2ND DATA REQUEST FROM TURN)

Date Requested: June 19, 2017

Date Responded: July 6, 2017

QUESTION 2.2.1:

- 2.2. These questions are directed at the workpapers regarding the Line 1011 Replacement Project.**
- 2.2.1. With respect to the statement on page WP-III-20: “Included in this project was 51 feet of pipe accelerated from Phase 2A and 17 feet of pipe accelerated from Phase 2B. The accelerated mileage was included to realize efficiencies and enhance project constructability.”**
- 2.2.1.1. Please describe in specific terms what pipe corresponds to the 51 feet of pipe accelerated from Phase 2A and show the location of the pipe in Figures 1 and 2.
- 2.2.1.2. Please state in detail the basis for including the pipe in the Line 1011 replacement project.
- 2.2.1.3. Please demonstrate that there were cost savings achieved by including the 51 feet of pipe in the project by showing the cost estimates including and excluding this length of pipe.
- 2.2.1.4. Please describe in specific terms what pipe corresponds to the 17 feet of pipe accelerated from Phase 2B and show the location of the pipe in Figures 1 and 2.
- 2.2.1.5. Please state in detail the basis for including the pipe in the Line 1011 replacement project.
- 2.2.1.6. Please demonstrate that there were cost savings achieved by including the 17 feet of pipe in the project by showing the cost estimates including and excluding this length of pipe.

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(A.16-09-005)**

(2ND DATA REQUEST FROM TURN)

Date Requested: June 19, 2017

Date Responded: July 6, 2017

RESPONSE 2.2.1:

- 2.2.1.1 The 51 feet of accelerated pipe from Phase 2A is Category 4, Class 1 non-HCA pipe. The accelerated pipeline is designated as blue dotted marks on Figure 1, on the east side of the section. A high-resolution copy of Figure 1 is provided in the attachment folder.
- 2.2.1.2 As stated in Direct Testimony Chapter 2 (Phillips) at p. 9, accelerated miles are miles that otherwise would be addressed in a later phase of PSEP under the approved prioritization process, but are advanced to Phase 1A to realize operating and cost efficiencies. In addition, the 51 feet were included to remove the remaining joint to an existing girth weld and to accommodate the tie-in location.
- 2.2.1.3 SoCalGas and SDG&E did not prepare a cost estimate to compare the costs of including these 51 feet of pipe versus excluding these 51 feet and addressing that segment in a later project. Note, this question appears to assume it would have been feasible to exclude the entire 51 feet of pipe from this project; however, additional footage on each side of a replacement project is required to complete construction.
- 2.2.1.4 The 17 feet of accelerated pipe from Phase 2B is Category 1, installed in 1947. The accelerated pipeline is designated as blue dotted marks on Figure 1, on the west side of the section. A high-resolution copy of Figure 1 is provided in the attachment folder.
- 2.2.1.5 As stated in Direct Testimony Chapter 2 (Phillips) at p. 9, accelerated miles are miles that otherwise would be addressed in a later phase of PSEP under the approved prioritization process, but are advanced to Phase 1A to realize operating and cost efficiencies. In addition, the 17 feet were included to remove the remaining joint to an existing girth weld and to accommodate the tie-in location.
- 2.2.1.6 SoCalGas and SDG&E did not prepare a cost estimate to compare the costs of including these 17 feet of pipe versus excluding these 17 feet and addressing that segment in a later project. Note, this question appears to assume it would have been feasible to exclude the 17 feet of pipe from this project; however, additional footage on each side of a replacement project is required to complete construction.

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(A.16-09-005)**

(2ND DATA REQUEST FROM TURN)

Date Requested: June 19, 2017

Date Responded: July 6, 2017

QUESTION 2.2.2:

2.2.2. With respect to the statement on page WP-III-A28: “The construction of the L-1011 Replacement Project required an additional week of construction beyond the scheduled 5.5 weeks due to the discovery of disbanded coal tar wrap containing asbestos which was not anticipated prior to construction and required mitigation.”

- 2.2.2.1. If SoCalGas had discovered coal tar wrap without asbestos at the site, would that have required mitigation?
- 2.2.2.2. Why didn't SoCalGas anticipate the use of coal tar wrap given the age of the pipeline?
- 2.2.2.3. Does SoCalGas have data that demonstrates that a substantial portion of its pipelines that were installed in the 1947 to 1955 did not use coal tar wraps?
- 2.2.2.4. If the answer to the previous question is “yes,” please provide the data.
- 2.2.2.5. Please provide a copy of all Change Order materials or other notices or correspondence provided to SoCalGas' PSEP management team by its contractor that are related to the delay or added cost created by the discovery of disbanded coal tar wrap described above in the cited quotation.
- 2.2.2.6. Please provide a copy of all of SoCalGas' PSEP management team's responses to its contractor in regards to these change order materials, notices or correspondence.

RESPONSE 2.2.2:

- 2.2.2.1 No. SoCalGas and SDG&E would have assumed asbestos was present given the presence of coal tar wrap and the vintage of the pipe, and they would have completed sampling/testing to prove asbestos content.
- 2.2.2.2 Asbestos-containing-coal tar wrap was expected due to the age of the pipe. Abatement of the wrap was planned once the pipeline was fully exposed. Discovery of *disbonded* coal tar wrap during excavation was not expected.
- 2.2.2.3 Yes.
- 2.2.2.4 Historically, as a matter of practice, coating information was captured in hard copy construction records and was identified as coated or non-coated pipe for regulatory reporting purposes. Additionally, SoCalGas has been working towards

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compiling coating information into company databases to make it more easily accessible.

As of the date of this response, records indicate there are approximately 415 miles of SoCalGas transmission pipe designated as having coal tar coating.

1947-1955/Transmission		
<u>Company Name</u>	<u>Coating Type</u>	<u>Mileage</u>
SoCalGas	Coal Tar	414.83
	Other*	340.39
	Total	755.23
*Other includes bare, asphalt, epoxy, mastic, tape, unknown, etc.		

2.2.2.5-6 **The attached supporting documents include Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** Copies of the Contractor and SoCalGas' correspondence are provided in the attachment folder.

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Date Requested: June 19, 2017

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QUESTION 2.3.1:

2.3. These questions are directed at the workpapers regarding the Line 1013 Replacement Project.

2.3.1. With respect to Table 2:

2.3.1.1. Please state the Phase that the 0.044 miles of accelerated mileage is categorized in.

2.3.1.2. Please describe in specific terms what pipe corresponds to the 0.044 miles of accelerated pipe and show the location of the pipe in Figures 1 and 2.

2.3.1.3. Please state in detail the basis for including the pipe in the Line 1013 replacement project.

2.3.1.4. Please demonstrate that there were cost savings achieved by including the 0.044 miles of pipe in the project by showing the cost estimates including and excluding this length of pipe.

RESPONSE 2.3.1:

2.3.1.1 As reflected in Table 2 (WP-III-A33), 0.044 miles of accelerated pipe were originally contemplated within the scope of a 3.5-mile replacement project. Subsequently, through scope review, the scope of the entire project was reduced to 140 feet. None of the 140 feet are accelerated.

2.3.1.2 Not applicable.

2.3.1.3 Not applicable.

2.3.1.4 Not applicable.

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(2ND DATA REQUEST FROM TURN)

Date Requested: June 19, 2017

Date Responded: July 6, 2017

QUESTION 2.3.2:

With respect to Table 3, why did company labor costs increase from \$115,941 to \$245,720?

RESPONSE 2.3.2:

2.3.2 When the WOA estimate was updated and reauthorized to reflect the actual contractor bid price, Company Labor was also updated to reflect SoCalGas and SDG&E's practice of completing hot tie-in work using Company personnel.

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Date Requested: June 19, 2017

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QUESTION 2.3.3:

2.3.3. With respect to the description of field conditions on page WP-III-A41 and WP-III-A42, SoCalGas has identified three separate conditions (MLV failure to seal, coal tar wrap delaying hand excavation of trench, delay in north caused by delay in south) that each associated with a one-week delay plus another condition (coal tar abatement) that is associated with a three-day delay.

- 2.3.3.1. Did the three separate week-long delays occur concurrently or at separate times?
- 2.3.3.2. How much delay overall did the individual delays create in the construction schedule?
- 2.3.3.3. If there were numerous delays in the construction schedule, why does the contract cost line in Table 4 show a decrease in the direct contract cost in the capital column relative to the direct contract cost in the Phase 2 WOA column?
- 2.3.3.4. Please provide a copy of all Change Order materials or other notices or correspondence provided to SoCalGas' PSEP management team by its contractor that are related to any delay or added cost created by the each of the four conditions characterized in Q.2.3.4 above.
- 2.3.3.5. Please provide a copy of all of SoCalGas' PSEP management team's responses to its contractor in regards to these change order materials, notices or correspondence.

RESPONSE 2.3.3:

- 2.3.3.1 The three week-long delays occurred at separate times.
- 2.3.3.2 The overall delay to construction schedule was three weeks.
- 2.3.3.3 The contract cost line in Table 4 shows a decrease due to a reallocation of costs between the Phase 2 WOA and actuals. The Phase 2A WOA Direct contract costs included costs for the pipeline construction contractor as well as external contractors related to engineering and design, survey, land services, and environmental services. At reconciliation, based on intervenor comments in a prior PSEP proceeding, all non-construction related contractor costs were moved from the direct contract costs category into the other direct costs category. The direct contract cost decreased by approximately \$44k, while the other direct costs increased by approximately \$675k, thus reflecting an overall increase in cost of the project.

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(A.16-09-005)**

(2ND DATA REQUEST FROM TURN)

Date Requested: June 19, 2017

Date Responded: July 6, 2017

2.3.3.4-5 **The attached supporting documents include Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** Copies of SoCalGas' response to the contractor and Contract Amendment are provided in the attachment folder.

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(A.16-09-005)

(2ND DATA REQUEST FROM TURN)

Date Requested: June 19, 2017

Date Responded: July 6, 2017

QUESTION 2.3.4:

With respect to Table 4: In specific terms, please identify the materials, services, or other costs that correspond to the other directs row that increased from \$37,698 in the Phase 2 WOA column to \$712,825 in the Capital column.

RESPONSE 2.3.4

2.3.4 As stated in the workpaper introduction (see WP-Intro-6), the estimated costs as presented in the Phase 2 Work Order Authorization (WOA) are based on the Total Installed Cost (TIC) unloaded cost estimates which were developed in Stage 3 based on preliminary design drawings. **The attached supporting documents include Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** Provided in the attachment folder is the table that lists the estimated and actual cost elements that were grouped under the Contract Cost and Other Direct categories in Table 3: L-1013 Replacement Project Phase 2 WOA and Phase 2 Reauthorized WOA Estimate (WP-III-A43). The estimated amounts were derived from the TIC estimate and adjusted per the reauthorized WOA.

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

**DECLARATION OF JEFFERY SALAZAR
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO D.16-08-024**

I, Jeffery Salazar, do declare as follows:

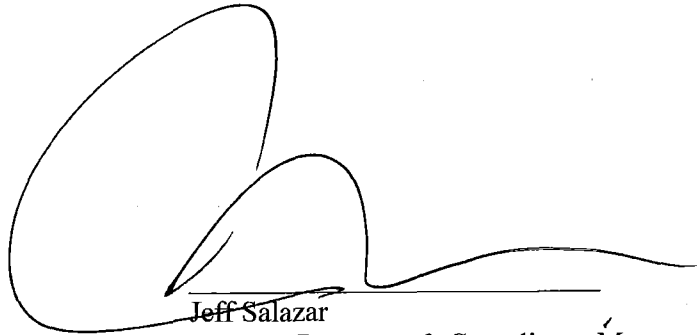
1. I am a Program Recovery & Compliance Manager in the Major Programs & Project Controls for San Diego Gas & Electric Company (“SDG&E”) and Southern California Gas Company (“SoCalGas”) designated by Jimmie Cho, Senior Vice President, Gas Operations and System Integrity for SDG&E and SoCalGas. I have been delegated authority to sign this declaration by Mr. Cho. I have reviewed the Response of SoCalGas and SDG&E to the Second Data Request of The Utility Reform Network (TURN) and Southern California Generation Coalition (SCGC) of the California Public Utilities Commission (CPUC) in the Pipeline Safety and Enhancement Plan (PSEP) 2016 Reasonableness Review A.16-09-005 proceeding, submitted concurrently herewith (Response to TURN-SCGC’s Second Data Request). I personally am familiar with the facts and representations in this Declaration, except where stated as based upon my information and belief. If called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

2. I hereby provide this Declaration in accordance with Decision (D.) 16-08-024 to demonstrate that the confidential information (Protected Information) provided in the Response to TURN-SCGC’s Second Data Request is within the scope of data protected as confidential under applicable law and pursuant to Public Utilities Code (“PUC”) § 583 and General Order (“GO”) 66-C, as further described in Attachment A. The intervenors in this proceeding (The Utility Reform Network, the Office of Ratepayer Advocates, and Southern California Generation Coalition) have requested that SDG&E and SoCalGas provide their responses to all data requests to all other parties; since this necessarily includes the Office of Ratepayer Advocates, this Declaration has been necessitated.

3. In accordance with the legal authority described herein, the Protected Information should be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 3rd day of July, 2017, at Los Angeles, California.

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a series of loops and a long horizontal stroke extending to the right.

Jeff Salazar
Program Recovery & Compliance Manager

ATTACHMENT A

SoCalGas and SDG&E Request Confidential Treatment of the Following Information in Their Response to TURN-SCGC's Second Data Request in A.16-09-005 Application to Recover Costs Recorded in Pipeline Safety & Reliability Memorandum Accounts, Safety Enhancement Capital Costs Balancing Accounts, and Safety Enhancement Expense Balancing Accounts

SDG&E and SoCalGas designated the combination of the pipeline diameter attribute and location data as confidential in their response to TURN-SCGC's Second Data Request in A.16-09-005, Application to Recover Costs Recorded in Pipeline Safety & Reliability Memorandum Accounts- Response of SoCalGas/SDG&E, because:

- (1) This data is sensitive critical energy infrastructure information that is not currently published by PHMSA and, if made publicly available, could present a risk to the security of California's critical energy infrastructure. SoCalGas' and SDG&E's assessment of the risks associated with critical energy infrastructure data will continue to evolve as the sophistication, frequency and volume of security threats increase. In light of certain events, such as the attack on Pacific Gas & Electric Company's Metcalf Substation in 2013, SoCalGas and SDG&E believe pipeline diameter data must be treated as confidential. SoCalGas and SDG&E designate this pipeline diameter data as confidential pursuant to several laws, regulations, and guides that seek to protect critical infrastructure information and sensitive security information from public disclosure for national security reasons. These include, but are not limited to: (i) the Protected Critical Infrastructure Information (PCII) Program; (ii) FERC Order 630 - Critical Energy Infrastructure Information (CEII); (iii) Sensitive Security Information Regulations; and (iv) the Transportation Security Administration's (TSA) Pipeline Security Guidelines. *See also* the Federal Register Notice on August 27, 2015 (Volume 80, Number 166) concerning PHMSA/OPS' proposed changes to the National Pipeline Mapping System (NPMS) data collection and the protection of pipeline information such as MAOP and pipe diameter. The yellow highlighted portions on the pages identified in the table below fall within the category of sensitive critical energy infrastructure.

SDG&E and SoCalGas designated the vendor bid and pricing information (including rates and invoices) as confidential in their response to TURN-SCGC's Second Data Request in A.16-09-005, Application to Recover Costs Recorded in Pipeline Safety & Reliability Memorandum Accounts because:

- (2) This data is market-sensitive information and is entitled to confidential treatment under D.11-01-36, 2011 WL 660568 (2011) GO 66-C Sections 2.2(b), 2.8. The disclosure of such information would trigger the protection of section 2.2(b) of G.O. 66-C, which protects "[r]eports, records and information requested or required by the Commission which, if revealed, would place the regulated company at an unfair business disadvantage." The yellow highlighted portions on the pages identified in the table below fall within the category of vendor and employee identifying information.

SDG&E and SoCalGas designated their employee names as confidential because:

- (3) Disclosure of this information would constitute an unwarranted invasion of personal privacy. Releasing names could put employees at risk for identity theft, personal harm, harassment or other negative outcomes. This information is exempt from public disclosure, and constitutes confidential information pursuant to Government Code § 6254(c); Gov't Code 6255; Civil Code §§ 1798.3 & 1798.24 (the California Information Practices Act); and Cal. Const., Art. I, § 1 (California constitutional right to privacy) among other relevant provisions. The yellow

highlighted portions on the pages identified in the table below fall within the category of employee identifying information (e.g., names, signatures, other contact information). The yellow highlighted portions on the pages identified in the table below fall within the category of employee identifying information.

DATA / INFORMATION	JUSTIFICATION FOR CONFIDENTIALITY	ATTACHMENTS
<p>Pipeline attribute (i.e. diameter, pressure, and location)</p>	<p>This information has been identified as confidential protected information as this data constitutes sensitive critical energy infrastructure information that is not currently published by the PHMSA and, if made publicly available, could present a risk to the security of the SoCalGas and SDG&E pipeline system and California’s critical energy infrastructure.</p> <p><u>CEII</u>: 18 CFR §388.113(c); FERC Orders 630, 643, 649, 662, 683, and 702 (defining CEII).</p> <p><u>Critical Infrastructure Information</u>: 6 U.S.C. §§131(3), 133(a)(1)(E); 6 CFR §§ 29.2(b), 29.8 (defining CII and restricting its disclosure).</p> <p>Gov’t Code § 6254(e) (“Geological and geophysical data, plant production data, and similar information relating to utility systems development, or market or crop reports, that are obtained in confidence from any person.”)</p> <p>Gov’t Code § 6254 (ab) (“Critical infrastructure information, as defined in Section 131(3) of Title 6 of the United States Code, that is voluntarily submitted to the Office of Emergency Services for use by that office”)</p>	<p>Q2.1.06.5-6 CONFIDENTIAL Line 1005 RFI 006 & CCO 980007_LNG CNG: pp.2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_07-28-14: pp.1 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_07-31-14: pp.1,3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-06-14: pp.1,2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR-08-11-14: pp.1,3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-13-14: pp.1,3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-18-14: pp.1,3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-19-14: pp.1,3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-21-14: pp.1,3</p>
<p>Vendor information</p>	<p>Vendor names, bid and pricing information have been marked as confidential protected information as publicly disclosing this information could lead to a competitive disadvantage and potential loss of market share for those vendors.</p> <p><i>See, e.g.</i>, D.11-01-36, 2011 WL 660568 (2011)</p> <p>GO 66-C Sections 2.2(b), 2.8</p> <p>Gov’t Code § 6254.15 (disclosure not required for</p>	<p>Q2.1.02.25-26 CONFIDENTIAL Line 1005 RFI 002 & CC 98002: pp.1-3 Q2.1.03.11-12 CONFIDENTIAL Line 1005 RFI 002 & CCO 98002: pp.1-3 Q2.1.04.7-8 CONFIDENTIAL Line 1005 RFI 004 & CCO 980006-1: pp.1-3 Q2.1.04.7-8 CONFIDENTIAL Line 1005 RFI 005 & CCO 980006_H Dig: pp.1-2,4 Q2.1.05.10-11 CONFIDENTIAL Line 1005 RFI 002 & CCO 980004: pp.1-3 Q2.1.06.5-6 CONFIDENTIAL Line 1005 RFI 006 & CCO 980007_L/CNG:p.1-2,4 Q2.2.02.5-6 CONFIDENTIAL Line 1011 RFI 001_Asbestos: pp.1-2 Q 2.3.04 CONFIDENTIAL WP-III-A43 Line 1013 Table 4: pp.1</p>

	<p>“corporate financial records, corporate proprietary information including trade secrets, and information relating to siting within the state furnished to a government agency by a private company for the purpose of permitting the agency to work with the company in retaining, locating, or expanding a facility within California”)</p> <p>Gov’t Code §6254.7(d) (relating to trade secrets)</p> <p>Gov’t Code § 6254(k); Evid. Code §1060; Civil Code §3426</p>	<p>Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_07-28-14: pp.1-3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_07-31-14: pp.1-3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-06-14: pp.1-3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR-08-11-14: pp.1-3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-13-14: pp.1-3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-18-14: pp.1-3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-19-14: pp.1-3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-21-14: pp.1-3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 Contract Amend 01_HP System: pp.1-3 Q2.3.03.4-5 CONFIDENTIAL Line 1013 RFI 002_Valve Investigation: pp.1-2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 RFI 003_Cost Delay Tie In: pp.1-2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 RFI 004_Delay: pp.1-2</p>
<p>Employee identifying information (e.i. names, signatures, other contact information)</p>	<p>Public disclosure of staff level employee names, signatures, and other contact information is being prevented to protect against privacy, employee security, identity theft, and cyber-security risks.</p> <p>Gov’t Code § 6254(c); Gov’t Code 6255;</p> <p>Civil Code §§ 1798.3 & 1798.24 (the California Information Practices Act);</p> <p>Cal. Const., Art. I, § 1 (California constitutional right to privacy).</p>	<p>Q2.1.02.25-26 CONFIDENTIAL Line 1005 RFI 002 & CC 98002: pp.2-3 Q2.1.02.4 CONFIDENTIAL Gas Ops Mtl Specs_Fittings Butt Weld Steel 52-96: pp.11 Q2.1.02.4 CONFIDENTIAL Gas Ops Mtl Specs_Fusion Bonded Epoxy Ext Fitting Coat 44-50. Q2.1.03.11-12 CONFIDENTIAL Line 1005 RFI 002 & CCO 98002: pp.2-3 Q2.1.04.7-8 CONFIDENTIAL Line 1005 RFI 004 & CCO 980006-1: pp.2-3 Q2.1.04.7-8 CONFIDENTIAL Line 1005 RFI 005 & CCO 980006_Hand Dig: pp.2,4 Q2.1.05.10-11 CONFIDENTIAL Line 1005 RFI 002 & CCO 980004: pp.2-3 Q2.1.06.5-6 CONFIDENTIAL Line 1005 RFI 006 & CCO 980007_LNG CNG: pp.2-3 Q2.2.02.5-6 CONFIDENTIAL Line 1011 RFI 001_Asbestos: pp.1-2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_07-28-14: pp.2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_07-31-14: pp.2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-06-14: pp.2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR-08-11-14: pp.2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-13-14: pp.2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-18-14: pp.2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-19-14: pp.2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 BB_DIR_08-21-14: pp.2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 Contract Amend 01_HP System: pp.2</p>

		Q2.3.03.4-5 CONFIDENTIAL Line 1013 RFI 002_Valve Investigation: pp.1-2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 RFI 003_Cost Delay Tie In: pp.1-2 Q2.3.03.4-5 CONFIDENTIAL Line 1013 RFI 004_Delay: pp.1-2
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