

**SAN DIEGO GAS & ELECTRIC COMPANY
SOUTHERN CALIFORNIA GAS COMPANY
PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)
(A.15-09-013)
(8TH DATA REQUEST FROM UCAN)
Date Requested: March 2, 2017
Date Responded: March 16, 2017**

PRELIMINARY STATEMENT

1. These responses and objections are made without prejudice to, and are not a waiver of, SDG&E's and SoCalGas' right to rely on other facts or documents in these proceedings.
2. By making the accompanying responses and objections to these requests for data, SDG&E and SoCalGas do not waive, and hereby expressly reserves, its right to assert any and all objections as to the admissibility of such responses into evidence in this action, or in any other proceedings, on any and all grounds including, but not limited to, competency, relevancy, materiality, and privilege. Further, SDG&E and SoCalGas makes the responses and objections herein without in any way implying that it considers the requests, and responses to the requests, to be relevant or material to the subject matter of this action.
3. SDG&E and SoCalGas will produce responses only to the extent that such response is based upon personal knowledge or documents in the possession, custody, or control of SDG&E and SoCalGas, as set forth in the California Public Utilities Commission ("Commission or CPUC") Rules of Practice and Procedure. SDG&E and SoCalGas possession, custody, or control does not include any constructive possession that may be conferred by SDG&E's and SoCalGas' right or power to compel the production of documents or information from third parties or to request their production from other divisions of the Commission.
4. A response stating an objection shall not be deemed or construed that there are, in fact, responsive information or documents which may be applicable to the data request, or that SDG&E and SoCalGas acquiesces in the characterization of the premise, conduct or activities contained in the data request, or definitions and/or instructions applicable to the data request.
5. SDG&E and SoCalGas expressly reserves the right to supplement, clarify, revise, or correct any or all of the responses and objections herein, and to assert additional objections or privileges, in one or more subsequent supplemental response(s).
6. SDG&E and SoCalGas will make available for inspection at their offices any responsive documents. Alternatively, SDG&E and SoCalGas will produce copies of the documents.
7. Publicly available information and documents including, but not limited to, documents that are part of the proceeding record, newspaper clippings, court papers, and materials available on the Internet, will not be produced.

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GENERAL OBJECTIONS

1. SDG&E and SoCalGas object to each instruction, definition, and request to the extent that it purports to impose any requirement or discovery obligation greater than or different from those under the CPUC Rules of Practice and Procedure, Statutes, and the applicable Orders of the Commission.
2. SDG&E and SoCalGas object to each request that is overly broad, unduly burdensome, or not reasonably calculated to lead to the discovery of admissible evidence.
3. SDG&E and SoCalGas object to each instruction, definition and data request to the extent that it seeks information protected from disclosure by the attorney-client privilege, deliberative process privilege, attorney work product doctrine, or any other applicable privilege. Should any such disclosure by SDG&E and SoCalGas occur, it is inadvertent and shall not constitute a waiver of any privilege.
4. SDG&E and SoCalGas object to each instruction, definition and data request as overbroad and unduly burdensome to the extent it seeks documents or information that are readily or more accessible to UCAN from UCAN's own files, from documents or information in UCAN's possession, or from documents or information that SDG&E and SoCalGas previously released to the public or produced to UCAN. Responding to such requests would be oppressive, unduly burdensome, and unnecessarily expensive, and the burden of responding to such requests is substantially the same or less for UCAN as for SDG&E and SoCalGas.
5. SDG&E and SoCalGas object to each instruction, definition and data request to the extent that it seeks the production of documents and information that were produced to SDG&E and SoCalGas by other entities and that may contain confidential, proprietary, or trade secret information.
6. To the extent any of UCAN's data requests seek documents or answers that include expert material, including but not limited to analysis or survey materials, SDG&E and SoCalGas object to any such requests as premature and expressly reserves the right to supplement, clarify, revise, or correct any or all responses to such requests, and to assert additional objections or privileges, in one or more subsequent supplemental response(s) in accordance with the time period for exchanging expert reports set by the Commission.
7. SDG&E and SoCalGas incorporate by reference every general objection set forth above into each specific response set forth below. A specific response may repeat a general objection for emphasis or some other reason. The failure to include any general objection in any specific response does not waive any general objection to that request. Moreover, SDG&E and SoCalGas do not waive their right to amend any responses.

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QUESTION 1:

Assuming L-1600 was taken out of service (not de-rated, but closed down),

- a. identify the geographic areas that would be stranded without service,
- b. identify the EGs that would be stranded without service,
- c. identify the additional facilities that must be added to the L-3602 project to avoid the results stated in response to a and b above, and
- d. identify all segments of L-1600 that meet current codes and were pressure tested that could still be utilized in transmission or distribution service.

RESPONSE 1:

SDG&E and SoCalGas (Applicants) object to this question on the grounds that it is vague, ambiguous, poses an incomplete hypothetical, and calls for speculation. Subject to and without waiving this objection, Applicants respond as follows:

- a. Customers currently supplied by Line 1600 are in SDG&E's service territory and SDG&E has an obligation to provide service. If Line 1600 were hypothetically removed from service, no customer would be "stranded without service" as SDG&E would modify its gas system to maintain service ahead of the hypothetical abandonment. The geographic areas that would be impacted are communities located in eastern San Diego County between the Riverside County Line and the Marine Corps Air Station Miramar, including, but not limited to, Valley Center, Escondido, portions of San Diego and Poway.
- b. Two EG plants are directly served from Line 1600 and would be impacted by a hypothetical abandonment of Line 1600; however, one EG is served from a segment of Line 1600 beyond the scope of the Proposed Project. While not served directly by Line 1600, EG plants in the Escondido area would also be impacted. Customer names and how they are served are considered sensitive, confidential, and protected information. The CPUC has protected the confidentiality of customer data in a number of contexts. Additionally, the California Civil Code generally affords businesses the protection of customer confidentiality. In addition, Applicants may not release customer specific information unless the customer consents to the release in writing per D.90-12-121 and D.01-07-032.
- c. Applicants have not performed a study to identify what facility improvements would be necessary under the hypothetical scenario described in this question.

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- d. As stated in SDGE-12 Supplemental Testimony of SDG&E and SoCalGas at 93, “Operating at 512 psig, Line 1600 is in compliance with applicable federal, state and Commission requirements other than compliance with the ‘test or replace’ mandate set forth in P.U. Code § 958 and D.11-06-017.” Further, at *id.* at 94: “Under federal regulations, pipelines operated at less than 20% of SMYS are not transmission lines. At the presently effective 512 psig transmission MAOP, Line 1600 remains a transmission line. The Utilities propose to reduce Line 1600’s MAOP to 320 psig, which is less than 20% of SMYS, thus converting Line 1600 from a transmission line to a distribution line. At that point, Line 1600 will no longer be subject to P.U. Code § 958.” Further, at *id.* at 100: “The de-rated Line 1600, however, would be subject to other federal, state, and Commission requirements, and the Utilities would operate the de-rated Line 1600 in accordance with such requirements. Similarly, other required work, including modifications to the system to avoid over-pressurization, would be implemented and operated in accordance with applicable federal, state, and Commission requirements.”

To date, approximately 4.3 miles of Line 1600 that have been pressure tested. These pressure tested segments are depicted in the **attached confidential map, which is provided pursuant to the Nondisclosure and Protection Agreement between UCAN and SDG&E/SoCalGas**. It is noted that the replacement for 17-131, which is at the very northern end of Line 1600 just downstream of the Rainbow Metering Station, was field completed in late 2016, but is still in reconciliation and therefore not listed on the map.

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QUESTION 2:

Is there a premium for delivery of gas through Otay Mesa that is not charged to gas customers for receipt of gas delivered via Rainbow?

- a. If yes, what is/are the premium(s) and how are they determined?
- b. How does this response relate to the 30-40 cents per Dth described on p.6 line 5 of Paul Borkovich's updated testimony?

RESPONSE 2:

- a. The SoCalGas BTS rates apply to all system receipts including supply delivered at Otay Mesa. Higher costs for Otay Mesa supply are charged by other entities.
- b. The 30-40 cents cost premium is attributable to cost differential between SoCal Border and El Paso South Mainline gas costs; charges for transportation service on the North Baja, Gasoducto Rosarito and TGN systems; and customs agent costs for exporting and importing gas supply into and out of Mexico. These costs are based on actual transactions made by the Operational Hub to deliver gas supply to Otay Mesa from the El Paso South Mainline.

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QUESTION 3:

Please identify the source of the natural gas price forecast that the Utilities currently use for business planning purposes. Please provide a copy of the most recent forecast utilized by the Utilities.

RESPONSE 3:

For long-term natural gas price forecasts, the Utilities currently use a combination of futures prices for the first five years, a blending of futures and fundamental price forecasts for the next two years and fundamental price forecasts in the subsequent years. The fundamental gas price forecasts for the long-term are created using the average of forecasts developed by the California Energy Commission (CEC) and independent consultants. The long-term natural gas price forecast that the Utilities currently use comes from the 2016 California Gas Report (CGR). For a copy of the forecast and additional details, please see p. 91 of the 2016 CGR^[1] and p. 359 of the workpapers to the 2016 CGR.^[2]

^[1] The 2016 CGR can be found at <https://www.socalgas.com/regulatory/documents/cgr/2016-cgr.pdf>

^[2] The relevant 2016 CGR workpapers can be found at https://www.socalgas.com/regulatory/documents/cgr/SoCalGas_Workpapers_REDACTED_2016_CGR.pdf

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QUESTION 4:

What do the Utilities understand their responsibility to be to provide capacity for connected load? Please Identify the Commission decisions that support that conclusion.

RESPONSE 4:

Applicants have an obligation to serve customers located within their respective service territories. This obligation imposes no limits on individual customer demand. That said, see SDGE-12: Supplemental Testimony Of San Diego Gas & Electric Company, Chapter 7. Scoping Memo Issue 6, Section 1.

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QUESTION 5:

On p. 40, line 10 – “ ECA to Otay Mesa or Blythe path was developed and constructed to serve regasified LNG to customers in BC and California. While this capacity is fully subscribed, it remains idle due to the significant price disparity between domestic gas supply available to the SoCalGas system and LNG delivered to ECA even at current depressed LNG prices.

- a. What is the price of natural gas that would close the disparity between domestic gas supply and LNG delivered to ECA, making LNG competitive for SDG&E customers?

RESPONSE 5:

SoCal Border price minus variable ECA storage cost and Gasoducto Lateral and TGN variable transportation cost.

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QUESTION 6

Does the table provided in response to SED DR 3 Q2 accurately depict the L-1600 data currently known by the Utilities? If not, please provide an updated table.

RESPONSE 6:

Please see attachment *Confidential UCAN DR 08 Q6*, which contains **confidential information provided pursuant to the Non-Disclosure Agreement between UCAN and SDG&E/SoCalGas**. The Line 1600 data in the attachment reflects the updated values of work that have been field completed.

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QUESTION 7:

Describe the source(s) of information the Utilities are relying on to determine the SMYS of the pipe in each segment of L-1600 as shown in the table provided in response to SED DR 3 Q2.

RESPONSE 7:

To determine the SMYS of pipe segments, Applicants rely on various sources, which primarily include but are not limited to, the following documents: Design Data Sheet, Test Chart, Completion/As-built/Design Drawing, Material/Heat Transfer Report, Purchase Order, Material Invoice.

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QUESTION 8:

What steps did the Utilities take to verify each documented SMYS that was not based on an actual physical inspection of the pipe.

RESPONSE 8:

As described in response to Question 7 above, Applicants rely on documents related to installation of the pipeline to determine SMYS.

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QUESTION 9:

When will the Utilities complete the replacement of the pipeline segment at Engineering Stations 17-131?

RESPONSE 9:

The replacement of the pipeline segment at Engineering Station 17-131 was field completed on October 26, 2016.