

**SAN DIEGO GAS & ELECTRIC COMPANY
SOUTHERN CALIFORNIA GAS COMPANY
PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)
(A.15-09-013)
(10th DATA REQUEST FROM UCAN)**

**Date Requested: June 14, 2017
Date Responded: June 28, 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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The following questions are related to the rebuttal testimony served on the parties on June 12, 2017 by SDG&E/SoCalGas:

QUESTION 1:

Provide a copy of the high-level desktop assessment performed by the Utilities to determine the estimated cost of \$200 to \$250 million to modify SDG&E's distribution system to make up for the loss of Line 1600 if it is taken out of service. Rebuttal Pages 51-52.

RESPONSE 1:

Please see the attached Line 1600 Abandonment Analysis, which contains **confidential information and is provided pursuant to the Nondisclosure and Protection Agreement between SDG&E/SoCalGas and UCAN**. Also attached is an associated cost estimate.

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QUESTION 2:

Provide a map showing the locations of the 26 miles of high pressure steel pipeline, 13 miles of new medium pressure polyethylene distribution lines and 37 new or rebuilt pressure regulator stations that would have to be installed if L1600 is taken out of service. Rebuttal page 52 lines 1-5.

RESPONSE 2:

Please see the attachment provided in response to Question 1 above.

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QUESTION 3:

What would the pressure have to be in the 26 miles of high pressure steel pipeline referenced on p. 52, line 2?

RESPONSE 3:

Most of the high pressure steel pipelines referenced in SDGE-13 Rebuttal Testimony of SDG&E and SoCalGas at page 52, line 2 are proposed to operate with a maximum allowable operating pressure (MAOP) of 400 psig while two of the high pressure steel pipelines are proposed to operate at an MAOP of 800 psig.

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QUESTION 4:

Why can't existing pressure regulator stations be used instead of 37 new or rebuilt ones as stated on p. 52, lines 3-5?

RESPONSE 4:

New pressure regulator stations are required to connect the new pipeline infrastructure to existing pipeline infrastructure. The connection points are not necessarily the same locations where the legacy Line 1600 regulator stations are located at since most of the new infrastructure is not located in the existing Line 1600 right of way due to the infeasibility of constructing new lines within the existing Line 1600 right of way. To supply the reconfigured distribution system, rebuilding of some regulator stations is required due to different inlet pressures and/or capacity requirements compared to what is necessary for the system as it is configured today.

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QUESTION 5:

Regarding p.52, line 8, Is it therefore the Utilities' assumption that the structural stability of L1600 pipe "long into the future" is also not ensured if the pipe remains in service? If not, what is the reason the structural stability of an in-service 16" steel pipe beneath freeway crossings is better than one that is out of service?

RESPONSE 5:

If Line 1600 remains in service, the pipeline will be maintained properly to provide for its structural stability and fitness for service. If Line 1600 is removed from service and abandoned in place, the pipeline would no longer be maintained as an active natural gas pipeline. The line would no longer have internal gas pressure and would not be subject to the same cathodic protection requirements as an active gas line.

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QUESTION 6:

What is the estimated cost of grouting a section of 16" pipe that runs beneath a freeway?

RESPONSE 6:

SDG&E and SoCalGas (Applicants) have not performed a cost estimate of grouting a section of 16" pipe that runs beneath a freeway and therefore this data is not available. Furthermore, the costs would be unique to each crossing depending on the length of the segment, specific geometry of the line, the available workspace, available access and permitted working hours.

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QUESTION 7:

Assuming L1600 remains in service as a distribution line, is it SDG&E's intention to do no inspections and no repairs to L1600 in the future?

RESPONSE 7:

No. If Line 1600 remains in service, SDG&E intends to operate and maintain it consistent with established practices, which would include required inspections and repairs as necessary. This includes the Distribution Integrity Management Program (DIMP) activities that are further described in SDGE-13 Rebuttal Testimony of SDG&E and SoCalGas at Section 5, pages 32 through 37. Specifically, in SDGE-13 at page 36, lines 4-12, the Applicants describe plans to apply the external corrosion direct assessment (ECDA) methodology that is commonly utilized in the Transmission Integrity Management Program (TIMP). Furthermore, in SDGE-13 at page 37, lines 9-12, Applicants stated their willingness to "incorporate periodic patrols, frequent leak surveys, and above-ground markers of the pipeline consistent with 49 CFR §§ 192.705, 706, and 707 as they apply to transmission into their DIMP plan for a de-rated Line 1600."

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QUESTION 8:

Does SDG&E expect to operate L1600 as a distribution line forever?

RESPONSE 8:

Applicants object to this question as it unreasonable and calls for speculation as it seeks information about a future time period that extends to “forever”. Notwithstanding this objection, Applicants respond as follows:

If Line 1600 is derated as proposed in the subject application, it is SDG&E’s intent to continue to operate Line 1600 as a distribution line as long as there is a need for it and it remains safe and prudent to continue to do so.

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QUESTION 9:

If the answer to #7 is anything other than YES, what is the projected life of the L1600 pipeline?

RESPONSE 9:

A formal estimation of the life of Line 1600 if repurposed to a distribution pipeline has not been conducted. As discussed in SDGE-2 Prepared Direct Testimony of Travis Sera at 23-26, pressure reduction of Line 1600 to 320 psig significantly increases the safety margin of the pipeline while simultaneously reducing overall risk. A repurposed Line 1600 that operates at a distribution pressure of 320 psig will require some investment to install new interconnections, pressure regulation, and valves – and recognizing the increased safety margin and lower risk profile, it would be reasonable and appropriate to adopt a full book life of 60 years in alignment with FERC account G-376 for Gas Distributions Mains.

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QUESTION 10:

What maintenance costs will be incurred by SDG&E to keep L1600 operating safely into the future?

RESPONSE 10:

Maintenance costs that will be incurred by SDG&E to keep Line 1600 operating safely will be costs to maintain the right of way, repair any leaks, maintain cathodic protection systems, maintain valves and regulators, maintain spans, maintain pipeline markers, maintain instrumentation, maintain vaults, substructures and appurtenances, maintain maps and records as well as costs related to maintenance work completed in association with Applicants' TIMP or DIMP.

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QUESTION 11:

What steps will SDG&E take to ensure the safe operation of L1600 for years to come if it is left in service as a distribution line?

RESPONSE 11:

Applicants will perform all necessary operation, inspection, maintenance and risk management activities required by code and as described in the responses to Questions 7 and 10 above.

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QUESTION 12:

What is SDG&E's estimated average annual cost to maintain L1600 as a distribution line?

RESPONSE 12:

Maintenance costs are driven primarily by the condition of the pipeline and related equipment and are somewhat reactionary since they are completed in response to issues typically discovered during inspections. As the pipeline ages, it is anticipated that maintenance activities and associated costs will likely increase. How much and how fast those costs increase, SDG&E is not able to accurately predict far into the future. As such, SDG&E is not able to provide a single value that is representative of future maintenance costs.

However, in an effort to be responsive, Applicants respond as follows. In the near term, if Line 1600 was de-rated, and given the DIMP activities Applicants have proposed to perform in association with the de-rated line, it is anticipated that costs to operate and maintain the line would be similar to those currently experienced. Given this, SDG&E estimates the cost to operate and maintain the derated line at approximately \$250,000 to \$300,000 per year with the cost of DIMP related work estimated at less than an average of \$200,000 per year.

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QUESTION 13:

What are the risks of leaving L1600 in distribution service (forever)?

RESPONSE 13:

Applicants object to this question as it unreasonable and calls for speculation as it seeks information about a future time period that extends to “forever”. Notwithstanding this objection, Applicants respond as follows.

No pipeline is without risk. The risks associated with operating Line 1600 in distribution service are no different than those for other high pressure pipelines (>60 psig MAOP) in distribution service. In general, the failure modes for high pressure distribution lines may include: leakage due to corrosion, natural force damage, excavation damage, other outside force damage, pipe-weld-joint failure, equipment failure, or incorrect operation. See SDGE-12 at page 97-98 and SDGE-13 at page 49-51.

On a de-rated Line 1600, Applicants will perform all necessary operation, inspection, maintenance and risk management activities required by code and as described in the responses to Questions 7 and 10 above.

For further detail, Applicants refer UCAN to their SDGE-13 Rebuttal Testimony at 33-34:

ORA previously asked the Utilities: “What specific measures and methods will SCG/SDG&E use to identify and reduce risk on Line 1600 if it is derated?”¹ The Utilities responded:

The primary risk reduction measure for Line 1600 will be lowering its operating pressure and MAOP to below 20% SMYS as proposed in this Application. As explained in the Prepared Direct Testimony of Travis Sera (at page 2, Lines 1-3), “lowering the operating pressure on Line 1600 will permanently and significantly reduce exposure to the risk factors associated with operating a 1949 vintage pipeline at a transmission service stress level above 20% SMYS”. Because of its age, Line 1600 possesses inherent qualities (vintage manufacturing practices) that pose higher risk when operated at higher stress levels. Mr. Sera’s testimony (at page 9, Lines 6-8) also discusses the benefits of lowering operating stress by referencing a USDOT report which states, in part, that “[T]he analyses presented ... show that a 20-percent reduction is almost as good as a

¹ Attachment B.13 (Utilities’ Response to ORA DR-48, Q1).

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test to 1.25 times MAOP... Therefore, for M [manufacturing] defects, it is a permanent demonstration of stability". Additionally, Mr. Sera's testimony (at page 24, Lines 7-9) states that "Lowering the pressure further so that Line 1600 operates below 20% of the SMYS would create an additional safety margin beyond that already implemented by the Utilities and would effectively nullify the risk of rupture." Any subsequent failures would manifest as leaks and would be integrated into the DIMP analysis for appropriate evaluation and action. In addition to the above risk reduction measure, the routine programs and activities to address risk will continue to be applied to Line 1600. These routine measures are compliant with 49 CFR 192 and include but are not limited to:

- Pipeline markers;
- 811 – Call before you dig program;
- High pressure excavation monitoring and stand by;
- Public Awareness communications;
- Monitoring and maintenance of applied cathodic protection;
- Leak survey;
- Pipeline Patrol;
- Valve maintenance;
- Regulator station maintenance;
- Remote Pressure monitoring;²

ORA asked the Utilities whether the expected Operations & Maintenance (O&M) costs would "be different between Line 1600 functioning as a transmission asset and as a distribution asset."³ The Utilities explained:

As stated in the responses to 1(b) and 1(e) above, the costs for regular recurring O&M of Line 1600 are anticipated to be similar regardless of the configurations being discussed in this Application. In all scenarios, Line 1600 will still need recurring O&M activities such as: leak patrols; cathodic protection inspection and maintenance; atmospheric corrosion inspection on non-buried components; locate and mark activities; valve inspection and maintenance; inspection and maintenance on pressure control devices; inspection and maintenance of Supervisory and Data Acquisition (SCADA) equipment.⁴

² Attachment B.13 (Utilities' Response to ORA DR-48, Q1).

³ Attachment B.14 (Utilities' Response to ORA DR-24, Q1(f)).

⁴ Attachment B.14 (Utilities' Response to ORA DR-24, Q1(f)).

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SDG&E operates over 8,071 miles of distribution main and 635,480 services which are managed under its DIMP.⁵ The transition of Line 1600 from the Transmission Integrity Management Program (TIMP) to DIMP does not change the Utilities' responsibility to operate the pipeline safely and reliably. Reducing the MAOP increases the safety margin of Line 1600 and the integrity management requirements of 49 CFR 192 Subpart P will be applied to validate its ongoing safe operation.

⁵ U.S. Department of Transportation PHMSA Annual Report For Calendar Year 2016 Gas Distribution System for SDG&E, dated March 14, 2017.