

Application No: A.14-06-021  
Exhibit No.: \_\_\_\_\_  
Witness: Beth Musich

Application of Southern California Gas Company  
(U 904 G) and San Diego Gas & Electric Company  
(U 902 G) for Low Operational Flow Order and  
Emergency Flow Order Requirements

Application 14-06-021  
(Filed June 27, 2014)

**PREPARED REBUTTAL TESTIMONY OF**  
**BETH MUSICH**  
**SOUTHERN CALIFORNIA GAS COMPANY AND**  
**SAN DIEGO GAS & ELECTRIC COMPANY**

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

December 1, 2014

**TABLE OF CONTENTS**

**I. PURPOSE .....1**

**II. SOCALGAS AND SDG&E ARE WILLING TO MAKE CERTAIN  
CHANGES TO OUR LOW OFO/EFO PROPOSAL .....1**

**III. CAISO POSITION REGARDING A.14-06-021 .....2**



1 proposal not to include the calculation of non-compliance quantities and charges for low OFOs  
2 and EFOs in re-billings to customers for measurement errors.

3 With these changes, our proposal should satisfy all of the concerns raised by PG&E, and  
4 at least some of the concerns raised by SCE and SCGC/IS. In his rebuttal testimony, Mr.  
5 Borkovich describes in detail each of these changes to our low OFO/EFO proposal, and provides  
6 revised tariff language to facilitate the changes.

7 **III. SOCALGAS AND SDG&E'S LOW OFO/EFO PROPOSAL WILL HELP**  
8 **ADDRESS CAISO CONCERNS REGARDING GAS SUPPLIES NEEDED TO**  
9 **MAINTAIN ELECTRIC GRID RELIABILITY**

10 The CAISO is an independent, non-profit Independent System Operator serving  
11 California. It oversees the operation of California's bulk electric power system, transmission  
12 lines, and electricity market generated and transmitted by its member utilities. Per its website,  
13 the CAISO manages the flow of electricity across the high-voltage, long-distance power lines  
14 that make up 80 percent of California's and a small part of Nevada's power grid, serving 30  
15 million customers. SoCalGas and SDG&E cooperate closely with CAISO in order to maintain  
16 the reliability of the electric grid and our natural gas transmission system.

17 On November 12, 2014, Stephen Berberich, President and CEO of CAISO sent a letter to  
18 Commissioner Peterman, providing a copy to the other Commissioners and each party on the  
19 service list.<sup>1</sup> In his letter, Mr. Berberich explains that the supply problems we experienced last  
20 winter were not an isolated occurrence, and that coordination with SoCalGas and SDG&E  
21 enabled CAISO to maintain reliable electric service in Southern California:

22 Last winter, cold weather created low pressure problems on gas  
23 pipelines serving electric generation in southern California. This  
24 occurrence was not an isolated incident. Similar events have  
25 occurred in the past and have created significant risks to electric  
26 system operations reliability, and the ability to serve electric load.

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<sup>1</sup> A copy of Mr. Berberich's letter is Attachment A to this rebuttal testimony.

1                   Our coordination with Southern California Gas Company  
2                   (SoCalGas) and San Diego Gas & Electric (SDG&E) during these  
3                   events has thus far allowed us to redispatch generation in order to  
4                   maintain reliable electric service to customers in southern  
5                   California and avoid outages, while maintaining gas supplies for  
6                   other customers.

7                   On behalf of CAISO, Mr. Berberich stresses the importance of natural gas pipeline  
8                   operations to electric grid reliability, and urges the Commission to consider appropriate measures  
9                   to ensure adequate pressure on our system:

10                   I wish to stress the increasing importance that natural gas pipeline  
11                   operations play in supporting electric grid reliability, especially  
12                   during stressed conditions. Accordingly, I urge the Commission to  
13                   consider appropriate measures to ensure adequate pressure exists on  
14                   pipelines to serve electric generation in the ISO's balancing authority.

15                   SoCalGas and SDG&E share the concerns raised by CAISO regarding electric grid  
16                   reliability, and we believe that adoption of our proposed low OFO and EFO requirement will be  
17                   an important step towards achieving continued natural gas and electric reliability in Southern  
18                   California. The graduated requirements and penalties we have proposed will enable SoCalGas  
19                   and SDG&E to deal with substantial disparities between customer burn and customer deliveries  
20                   in a much more precise and predictable fashion than via curtailments of standby procurement  
21                   service, and to do so with much less risk of curtailment of transportation service to both noncore  
22                   and core customers.

23                   This concludes my prepared rebuttal testimony.

# **ATTACHMENT A**

November 12, 2014

**Via Electronic Mail**

Honorable Carla J. Peterman  
Commissioner  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

**Re: Application 14-06-021 - Low Operational Flow Order and Emergency Flow Order Requirements**

Dear Commissioner Peterman:

Over the last several years, the California Independent System Operator Corporation has continued to enhance its procedures to coordinate operations and planning with both interstate and intrastate natural gas pipelines serving electric generators in the ISO's balancing authority. These procedures include sharing information about forecasted and real-time system conditions.

Last winter, cold weather created low pressure problems on gas pipelines serving electric generation in southern California. This occurrence was not an isolated incident. Similar events have occurred in the past and have created significant risks to electric system operations reliability, and the ability to serve electric load. Our coordination with Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E) during these events has thus far allowed us to redispatch generation in order to maintain reliable electric service to customers in southern California and avoid outages, while maintaining gas supplies for other customers.

We understand that SoCalGas and SDG&E have requested that the CPUC approve low operational flow order and emergency flow order requirements on their pipelines. Pursuant to these new requirements, customers would need to deliver supplies to meet a specified percentage of their gas usage on days when forecasts indicate that supplies

and storage assets reserved for system balancing will not be adequate to meet forecasted usage. Without commenting on the issues in dispute in the pending proceeding, I wish to stress the increasing importance that natural gas pipeline operations play in supporting electric grid reliability, especially during stressed conditions. Accordingly, I urge the Commission to consider appropriate measures to ensure adequate pressure exists on pipelines to serve electric generation in the ISO's balancing authority.

Respectfully,

A handwritten signature in black ink, appearing to read 'S. Berberich', written in a cursive style.

Stephen Berberich  
President and CEO

cc: Honorable Michael R. Peevey, President  
Honorable Michael Peter Florio, Commissioner  
Honorable Catherine J.K. Sandoval, Commissioner  
Honorable Michael Picker, Commissioner  
Honorable Robert Mason III, Administrative Law Judge  
Mr. Edward Randolph, Director - Energy Division  
Service List Application 14-06-021