

**SAN DIEGO GAS & ELECTRIC COMPANY
SOUTHERN CALIFORNIA GAS COMPANY
PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)
(A.15-09-013)
(DATA REQUEST ORA-16)
Date Requested: June 24, 2016
Date Responded: July 11, 2016**

PRELIMINARY STATEMENT

1. These responses and objections are made without prejudice to, and are not a waiver of, SDG&E 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 does 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. SDG&E and SoCalGas possession, custody, or control does not include any constructive possession that may be conferred by SDG&E or 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 objects to the production of documents or information protected by the attorney-client communication privilege or the attorney work product doctrine.
6. SDG&E and SoCalGas expressly reserve 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).
7. 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. SDG&E and SoCalGas will Bates-number such documents only if SDG&E and SoCalGas deem it necessary to ensure proper identification of the source of such documents.
8. Publicly available information and documents including, but not limited to, newspaper clippings, court papers, and materials available on the Internet, will not be produced.

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9. SDG&E and SoCalGas object to any assertion that the data requests are continuing in nature and will respond only upon the information and documents available after a reasonably diligent search on the date of its responses. However, SDG&E and SoCalGas will supplement its answers to include information acquired after serving its responses to the Data Requests if it obtains information upon the basis of which it learns that its response was incorrect or incomplete when made.
10. In accordance with the CPUC's Discovery: Custom And Practice Guidelines, SDG&E and SoCalGas will endeavor to respond to ORA's data requests by the identified response date or within 10 business days. If it cannot do so, it will so inform ORA.
11. SDG&E and SoCalGas object to any ORA contact of SDG&E and SoCalGas officers or employees, who are represented by counsel. ORA may seek to contact such persons only through counsel.
12. SDG&E and SoCalGas objects to ORA's instruction to send copies of responses to entities other than ORA.

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QUESTION 1:

At p.1 of the above subject document entitled “Cost Effectiveness Analysis for the Pipeline Safety & Reliability Project” prepared by PWC¹, the executive summary states that the Assigned Commissioner and Administrative Law Judge issued a joint ruling (“Ruling”) directing the filing of an Amended Application by March 21, 2016 that includes, among others, a cost analysis that compares the relative costs and benefits of the Proposed Project and various project alternatives (“Alternatives”). The executive summary continued to state:

“Specifically, the Ruling requires that the analysis:

1) quantify seven categories of benefits, and 2) apply quantifiable data to define the relative costs and benefits of the Proposed Project and the Alternatives identified in the Ruling.⁴ The seven categories of benefits that must be quantified are (1) increased safety; (2) increased reliability; (3) increased operational flexibility; (4) increased system capacity; (5) increased ability for gas storage by line packing; (6) reduction in the price of gas for ratepayers; and (7) other benefits identified by the Applicant.”

For each of the seven categories of benefits, please cite the appropriate reference to either the Applicants’ (i.e., SoCalGas and SDG&E’s) amended application in A.15-09-013 or the original one filed in Sept. 2015, that verify and confirm that the seven categories of benefits that must be quantified pursuant to the Ruling were all based on the asserted benefits from the Applicants’ submission.

RESPONSE 1:

SDG&E and SoCalGas (jointly, Applicants) object to Question 1 on the grounds that it is vague, ambiguous and seeks information not relevant to this proceeding. Question 1 appears to ask Applicants to provide specific citations to the Amended Application or original Application that identify the seven benefits identified in the Joint Assigned Commissioner and Administrative Law Judge’s Ruling issued on January 22, 2016 (Joint Ruling). The Amended Application includes Applicants’ Cost-Effectiveness Analysis (CEA), which specifically quantifies the seven benefits identified in the Joint Ruling. Further, given that the Joint Ruling ordered Applicants to quantify such benefits, Question 1 does not seek information relevant to this proceeding. Applicants further object that the Amended Application and original Application speak for themselves, and Applicants will not seek out every reference to each benefit when ORA may do so itself. Subject to and notwithstanding these objections, Applicants respond as follows:

¹ SoCalGas and SDG&E A.15-09-013, Vol. III prepared by PWC, dated March 2016. PWC stands for PricewaterhouseCoopers Advisory Services, LLC.

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The fundamental objectives underlying the Proposed Project are: increased safety; improving system reliability and resiliency; and enhancing operational flexibility by increasing system capacity. These are the first four of the seven benefit categories set forth in the Joint Ruling. Certain references to each of these first four benefit categories are listed in the table below. Not all references are included, as these four benefits are the general basis of the Application. See Amended Application, Volume III – CEA at Section V. Benefits Analysis.

A further benefit of the Proposed Project that is referenced in the Application is the reduced need for operating the Moreno Compressor Station if the Proposed Project (or certain other Alternatives) is constructed. Reducing operations at the Moreno Compressor Station results in lower nitrogen oxide and greenhouse gas emissions. See the Cost Effectiveness Analysis (Volume III) pages 30-32, 55-57 and Prepared Direct Testimony of Neil Navin, March 21, 2016, Attachment A, Attachment XII - Moreno Compressor Station PSRP Report.

Two benefit types – increased ability for gas storage through line pack and reduction in price of gas for ratepayers – were first identified in the Joint Ruling. See Amended Application, Volume III – CEA at page 54.

Table - References to Benefit Categories in Applicant’s Application and Amended Application

Benefit Category	A.15-09-013 Application (9/30/15)	A.15-09-013 Vol. II – PEA (9/30/15)	A.15-09-013 Amended Application (3/21/16)
(1) Increased Safety	Sec. III (A)- Purpose Sec. III (B) - Need	Chapter 2 – Purpose and Need	Sec. III – Project Purpose and Need; CEA (Volume III) pages 35-41
(2) Increased Reliability	Sec. III (A)- Purpose Sec. III (B) - Need	Chapter 2 – Purpose and Need	Sec. III – Project Purpose and Need; CEA (Volume III) pages 41-48
(3) Increased Operational Flexibility	Sec. III (B) - Need	Chapter 2 – Purpose and Need	Sec. III – Project Purpose and Need; CEA (Volume III) pages 48-51
(4) Increased System Capacity	Sec. III (A) - Purpose Sec. III (B)- Need	Chapter 2 – Purpose and Need	Sec. III – Project Purpose and Need; CEA (Volume III) pages 51-53
(5) Increased Ability for Gas Storage through Line Pack			CEA (Volume III) page 54
(6) Reduction in Price of Gas for Ratepayers			CEA (Volume III) page 54
(7) Other Benefits	P. 15 – Influence on Environment		Sec. IV (B)(2) Environmental Policy Benefits; CEA (Volume III) pages 55-57.

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QUESTION 2:

The cover page of the above subject document indicates PWC as the preparer of the Cost Effectiveness Analysis and indicates the Applicants as the source of the “input and data.” At p.1 of the same document above, the executive summary states:

“Consistent with the Ruling, the analysis applies quantifiable data to define the relative costs and benefits of the Proposed Project and Alternatives. The costs analysis includes the estimated fixed costs, the on-going operating costs, and the avoided costs (i.e., costs that will not be incurred when the proposed Project or a particular Alternative is implemented). The benefits analysis evaluates each of the seven types of benefits specifically identified in the Ruling.” For each question below, please respond first with either a yes or a no, and then explain your response.

- a) Is it fair to say that PWC applied the Applicants’ quantifiable data to determine the relative costs and benefits of the Proposed Project and Alternatives?
- b) Is it fair to say that PWC accepted all of the Applicants’ asserted benefits to perform the analysis pursuant to the Ruling?
- c) Is it fair to say that PWC’s role in the Cost Effectiveness Analysis is the quantification of the data to define the relative costs and benefits as described?
- d) Is it fair to say that it was not PWC’s role to verify the asserted costs and benefits of the Proposed Project and Alternatives?

RESPONSE 2:

- a) Yes. PwC used the Applicants’ quantifiable data as the basis for the different analyses PwC performed in the CEA. PwC did not generate its own quantifiable data for purposes of the CEA.
- b) Yes. PwC accepted the Applicants’ asserted benefits to perform the analyses set forth in the CEA. PwC participated in discussions with Applicants as different benefits were evaluated for inclusion in the CEA. The ultimate list of benefits was provided by Applicants in collaboration with and agreed to by PwC.
- c) Yes. PwC’s role in the CEA is the quantification of data to define the relative costs and benefits of the Proposed Project and the Alternatives. PwC did not independently produce cost or benefit data that was used in the CEA.
- d) Yes. PwC accepted Applicants’ estimates of fixed and operating costs and benefits for the Proposed Project and the Alternative projects and used them as the basis for the cost effectiveness analyses. PwC did not independently verify Applicants’ costs and benefits

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QUESTION 3:

At page 32 of the above subject document entitled “Cost Effectiveness Analysis for the Pipeline Safety & Reliability Project” prepared by PWC², Table 8 shows “Avoided Costs” expressed in millions of 2015 dollars for the Proposed Project on the top line designated as “A” and followed by 19 alternatives on succeeding lines designated as “B,” “C1” through “C7,” “D” through “G,” “H1 and H2,” “I,” “J1 through J3,” and “K.” The first two columns of Table 8 are followed by 4 columns shown as “Fixed Cost,” “Total O&M Cost,” “Avoided Cost,” and “Net Cost.”

- a) Please provide the electronic copy of the active excel spreadsheet for Table 8 and each one of the associated active excel spreadsheets used in developing Table 8 that would enable ORA to determine the cost inputs and underlying assumptions used in the calculation of the amounts shown in each of the columns as described. For this purpose, hardcoded numbers will not be acceptable.
- b) Please provide all the unit costs to enable calculation of the fixed investment costs, any fixed and variable O&M costs, the avoided costs, and the net costs of the Proposed Project and the 19 alternatives laid out in Table 8 for the different pipeline diameter ranges.
- c) Please state whether these unit costs are based on inputs from the Applicants as the cover of the document states “With Input and Data from Applicants.”

RESPONSE 3:

- a) For workpapers supporting the CEA, please refer to SDG&E and SoCalGas’ response to ORA DR 3 submitted on April 6, 2016. PwC did not create an electronic worksheet for Table 8 at page 32 of the CEA. Table 8 was created solely in Microsoft Word format. The underlying data used to develop Table 8 was created using active excel spreadsheets as follows:
 - Column “Fixed Cost” – See PSRP Alt Workpaper supporting Neil Navin’s testimony, page 2, column labeled, “Base Estimate + Contingency + Total Derating Cost.” PSRP ALT Workpaper in excel format was provided in response to ORA DR-03. The amounts in this column link to underlying spreadsheets that show the estimated direct project costs by project component (e.g., materials, labor, engineering and design, etc.).

² SoCalGas and SDG&E A.15-09-013, Vol.III dated March 2016.

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- Column “Total O&M Cost” – See workpapers supporting Neil Navin’s testimony, page 2, column labeled, “Total Annual Ops Costs.” Assumptions and inputs for the operating costs are provided in response to part (b) below.
 - Column “Avoided Cost” – See workpapers supporting the CEA titled, “Avoided_Cost_Model_Final.” Page 1 shows each of the inputs and underlying assumptions. Page 29, Column H summarizes the total avoided cost.
 - Column “Net Cost” - See workpapers supporting the CEA titled, “Avoided_Cost_Model_Final.” Page 29, Column I lists the net cost.
- b) The information to enable calculation of the fixed investment costs, any fixed and variable O&M costs, the avoided costs, and the net costs of the Proposed Project and the 19 alternatives laid out in Table 8 for the different pipeline diameter ranges is available as follows:
- Column “Fixed Cost” – See response 3a.
 - Total O&M: See PSRP Alt Workpaper supporting Neil Navin’s testimony, page 2, column labeled, “Total Annual Ops Costs.” PSRP ALT Workpaper in excel format was provided in response to ORA DR-03. Please refer to attached confidential PSRP Detail O&M Cost Worksheet in Excel active format for assumptions and inputs. Please note that this worksheet contains **confidential information provided pursuant to G.O. 66-C and Cal. Pub. Util. Code § 583.**
- A small icon representing an Excel spreadsheet, showing a grid of cells with a green 'X' in the top-left corner.
- PSRP Detailed O&M
Cost Worksheet
- Avoided Costs – See response 3a.
 - Net Costs – See response 3a.
- c) The underlying cost information used to create Table 8 in the CEA was provided to PwC by Applicants.

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QUESTION 4:

At page 21 of the above subject document states “The cost estimates were developed based on the known and anticipated project scope at the time of the filing (September 2015), along with additional estimating information that was collected or developed for the Proposed Project and certain alternative projects that were subsequently identified in the Ruling.”

- a) Please describe the “known and anticipated project scope at the time of the filing (September 2015)”.
- b) Please state whether there was any change in the known and anticipated project scope at the time of the amended filing (March 2016) and explain in detail any change/s in your response.
- c) Based on your response to item (b), please explain whether the change impacts the direct costs of the project and/or the alternatives.
- d) Based on your response to item (b), please provide a side by side comparison of the direct costs based on the project scope as the time of filing (September 2015) versus the project scope at the time of the amended filing (March 2016). If there were no changes in direct costs, then please so state and explain why.

RESPONSE 4:

- a) The “known and anticipated project scope at the time of the filing” is described on pages 5 and 6 of the Application Of San Diego Gas & Electric Company (U 902 G) and Southern California Gas Company (U 904 G) For A Certificate Of Public Convenience And Necessity For The Pipeline Safety & Reliability Project (Volume 1 of II), September 30, 2015.

https://www.sdge.com/sites/default/files/regulatory/SDGE_and_SoCalGas_Application_for_CPCN_Part_I.PDF

- b) Since the filing of the original Application in September 2015, additional engineering, design and cost information was developed. Specifically, the Applicants developed further engineering and design details regarding the distribution system modifications required to lower the operating pressure of Line 1600 and connect the Proposed Project with the pre-lay pipeline segment. The Amended Application filed in March 2016 provides the newly available information, including costs, regarding the modifications to the gas distribution system associated with lowering the pressure of Line 1600 and connecting Line 3602 with the pre-lay pipeline segment. De-Rate of Line 1600 to distribution service is described in the Direct Testimony of Neil Navin on pages 15 and 16.

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https://www.sdge.com/sites/default/files/regulatory/A.15-09-013%20Prepared%20Direct%20Testimony%20of%20N.%20Navin%203-21-16_0.pdf

- c) The newly available information does impact the direct costs of the Proposed Project and is included in the direct costs of alternatives, excluding Alternative D, *Replace Line 1600 in place with a New 16" Transmission Pipeline*, and Alternative B, *Hydrotest Alternative*.
- d) See the table below for the Proposed Project - Comparison of Direct Costs:

**Estimated Direct Costs
(In Millions of Dollars)**

Direct Capital Costs	Application September 2015	Amended Application March 2016
Materials	90.3	90.3
Construction	256.0	256.0
Engineering & Design	10.1	10.1
Environmental	26.5	26.5
Other Project Execution Activities	25.8	25.8
Utilities' Labor	18.2	18.2
Subtotal 36" Pipeline	426.8	426.8
De-Rate Line 1600	NA	15.1
Total	\$ 426.8	\$ 441.9