

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

QUESTION 6.1.1:

These questions are directed at the workpapers regarding the Line 35-20-N Replacement Project.

6.1.1. With respect to the Table 2 on page WP-III-A180, which shows 15 feet of incidental mileage included in the project:

6.1.1.1. Please describe in specific terms what pipe corresponds to the 15 feet of incidental pipe mileage and show the location of the pipe in Figures 1 and 2.

6.1.1.2. Please state in detail the basis for including the pipe in the Line 35-20-N replacement project.

6.1.1.3. Please demonstrate that there were cost savings achieved by including the 15 feet of incidental mileage pipe in the project by showing the cost estimates including and excluding this length of pipe.

RESPONSE 6.1.1:

6.1.1.1 The 15 feet of incidental pipe is Category 1, installed in 2012. The incidental pipe is reflected in pink hash marks on Figure 1, at the west end of the replaced pipeline (shown in green). A high-resolution copy of Figure 1 is provided in the attachment folder.

6.1.1.2 The 15 feet of incidental pipe were included for constructability reasons. The 15-foot segment of incidental pipe facilitated construction excavation, pressure test isolation, and tie-in work to the existing distribution regulator station on the west end of the replacement.

6.1.1.3 SoCalGas and SDG&E did not prepare a cost estimate to compare the cost of including this 15-foot of pipe within the scope of this Phase 1A project versus excluding the 15 feet of pipe. Based on operator experience and knowledge, the inclusion of the 15 feet of incidental pipe facilitated the execution of the project. Note, standard purchased pipe lengths are 20 or 40 feet, and most of the pipe

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purchased for PSEP projects is received from the manufacturer in 40 foot lengths. Purchased pipe is cut to size in the field during construction. For constructability purposes, the 40-foot pipe may be cut so as to include additional footage on either side of Category 4 pipe to eliminate fittings, welds or other appurtenances on existing pipe. The key construction activity in this process is the cutting of the existing pipe while it is out of service. SoCalGas and SDG&E select a safe and practical location for the cutting equipment, which may entail adding additional footage and generally does not create additional cost.

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QUESTION 6.1.2:

With respect to the Table 3 on page WP-III-A186:

6.1.2.1. There are three different versions of the design discussed on WP-III-A183 through WP-III-A185, that is, (1) the proposed scope was 53 feet, all of which was Category 4 Criteria pipe, (2) Rather than cut into pipe where it transitioned from Category 4 to Category 1, SoCalGas extended the replacement 13 feet to the flanged connection at the inlet of a regulator station, and (3) Replacement of 13 feet of xxxx and 54 feet of xxxx pipe with 69 feet of xxxx pipe utilizing engineering analysis recommendation. The additional two feet was added due to an offset (i.e. new pipeline route).

6.1.2.1.1. Please identify which of the three designs is associated with column 2 in Table 3.

6.1.2.1.2. Please identify which of the three designs is associated with column 3 in Table 3.

6.1.2.2. Please reconcile the third redacted figure in the statement: "The Construction Contractor's bid was \$xxxx, which was \$xxxx less than the CMS direct estimate of \$xxxx that was used to develop the Phase 2 WOA estimate" to the figures in Table 3, identifying which version is correct.

6.1.2.3. Does the Phase 2 Reauthorized WOA correspond to the authorized budget for the project based on the contractor's estimate of construction costs?

RESPONSE 6.1.2:

6.1.2.1.1. Version 3.

6.1.2.2.2. Version 3.

6.1.2.2. The SL 35-20-N Replacement Project was planned and managed by the SoCalGas Operating Region before the PSEP organization became fully operational. The original Phase 2 WOA form was updated and reauthorized based on updated Contract Costs. **The following response includes Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** The table below reconciles the Contract Cost category of costs.

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SL-35-20-N Reauthorized Phase 2 WOA Estimated Contractor Cost Reconciliation	
Cost Element	Contract Cost
Construction Contractor - Bid (WP-III-A186)	██████████
Other Contracted Services	██████████
TOTAL P2 WOA CONTRACT COST (WP-III-A186)	██████████

6.1.2.3 Yes, the reauthorized WOA is the authorized budget and it reflects the construction contractor's estimate of \$100,000 for construction costs.

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QUESTION 6.1.3:

With respect to the statement on WP-III-A186: “SoCalGas’ Distribution Operating Region had previously selected a Single Source contractor from a competitively bid Master Service Agreement (MSA) to perform work for the region. PSEP used the same contractor at comparable rates to complete this project.” versus the statement on the previous page: “The SoCalGas Distribution Operating Regions designed and managed the project. The material requirements and the project cost estimate were determined by the planner representing the operating district.

6.1.3.1. Did the PSEP PMA authorize the district planner’s project design or did the district authorize it?

6.1.3.2. Did the PSEP PMA authorize the district planner’s project cost estimate or did the district authorize it?

6.1.3.3. Did the PSEP PMA authorize the Phase 2 WOA/Phase 2 Reauthorized WOA or did the district authorize it?

6.1.3.4. Did the PSEP PMA authorize the retention of the contractor or did the district authorize it?

RESPONSE 6.1.3:

6.1.3.1 PSEP.

6.1.3.2 PSEP.

6.1.3.3 PSEP.

6.1.3.4 PSEP.

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QUESTION 6.2.1:

These questions are directed at the workpapers regarding the SL-36-37 Replacement Project.

6.2.1. With respect to the statement on WP-III-A192: “Included in this project was 7 feet of pipe accelerated from Phase 1B. The accelerated mileage was included to realize efficiencies and to enhance project constructability.” Table 2 also shows that there was 49 feet of incidental mileage included in the project.

6.2.1.1. Please describe in specific terms what pipe corresponds to the 7 feet of accelerated Phase 1B pipe mileage and show the location of the pipe in Figures 1 and 2.

6.2.1.2. Please state in detail the basis for including the pipe in the SL-36-37 replacement project.

6.2.1.3. Please demonstrate that there were cost savings achieved by including the 7 feet of accelerated Phase 1B mileage pipe in the project by showing the cost estimates including and excluding this length of pipe.

6.2.1.4. Please describe in specific terms what pipe corresponds to the 49 feet of incidental pipe mileage and show the location of the pipe in Figures 1 and 2.

6.2.1.5. Please state in detail the basis for including the pipe in the SL-36-37 replacement project.

6.2.1.6. Please demonstrate that there were cost savings achieved by including the 49 feet of incidental mileage pipe in the project by showing the cost estimates including and excluding this length of pipe.

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RESPONSE 6.2.1:

- 6.2.1.1 The 7 feet of pipe accelerated from Phase 1B is Category 1, pre-1946. The accelerated pipe is reflected in blue dotted marks on Figure 1, within the replaced pipeline (shown in green). A high-resolution copy of Figure 1 is provided in the attachment folder.
- 6.2.1.2 The seven feet of accelerated Phase 1B Pipe was comprised as follows: three feet were included to replace a dent that was discovered in construction, as indicated in WP-III-A197, and four feet were included for constructability reasons, specifically to provide a suitable tie-in point.
- 6.2.1.3 SoCalGas and SDG&E did not prepare a cost estimate to compare the cost of including the seven feet of pipe within the scope of this Phase 1A project versus excluding the seven feet and addressing that segment in a later project. Based on operator knowledge and experience, excluding the seven 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 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. In addition, the dent discovered during construction required an immediate repair decision as indicated on WP-III-A197. See Response TURN-SCGC 6.1.1.3 for additional details regarding the cutting of pipe in the field for constructability.
- 6.2.1.4 The 49 feet of incidental pipe is Category 4, installed in 1970, operating at less than 20% SMYS (i.e., not a transmission line under state or federal regulations). The incidental pipe is reflected in pink hash marks on Figure 1, in the center of the replaced pipeline (shown in green). A high-resolution copy of Figure 1 is provided in the attachment folder.
- 6.2.1.5 The 49 feet of incidental pipe were included in the scope of the project for constructability; it was necessary to include the 49 feet of incidental pipe because it was located between Category 4 segments that required remediation. By including the incidental pipe, additional tie-in points were avoided.

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- 6.2.1.6 SoCalGas and SDG&E did not prepare a cost estimate to compare the cost of including these 49 feet of pipe within the scope of this Phase 1A project versus excluding the 49 feet. Based on operator knowledge and experience, the potential costs and impacts of not having an additional tie-in justified including the incidental footage.

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Date Requested: June 21, 2017

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QUESTION 6.2.2:

With respect to the statement on WP-III-A194: “Scope validation efforts reduced the scope to 55 feet (6 feet of Category 4 Criteria pipe and 49 feet of incidental pipe). The 6 feet identified for replacement consisted of two sets of reducers and pipe pieces on either side of the remaining 49 feet of incidental pipe.” Please reconcile this characterization of the project with the version of the project set forth in Table 2 that includes an additional 7 feet of accelerated Phase 1B mileage pipe.

RESPONSE 6.2.2:

See response to TURN-SCGC DR-06 Q6.2.1.2

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Date Responded: July 14, 2017

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QUESTION 6.2.3:

With respect to the statement on WP-III-A195: “The estimated total loaded cost for the 55-foot replacement project was \$1,166,570 as shown in Table 3 and is based on preliminary designs” and the statement on WP-III-A196: “The Construction Contractor’s quoted estimate of work was \$xxxx, which is \$xxxx more than the CMS direct estimate of \$xxxx which was used to develop the Phase 2 WOA.”

6.2.3.1. Please reconcile the contract costs figure from Table 3 with the last redacted figure in the second quote show above.

6.2.3.2. Was the construction contractor discussed in the quote shown here responsible for completing the entire job?

6.2.3.3. If the answer to the previous question is “no,” please describe how the aspects of the job that were not to be addressed by the construction contractor were expected to be completed.

6.2.3.4. If SoCalGas retained multiple contractors for this job, please breakdown the contract costs between contractors.

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RESPONSE 6.2.3:

6.2.3.1 The SL 36-37 Replacement Project was planned and managed by the SoCalGas Operating Region before the PSEP organization became fully operational. The Region’s estimate, generated by the CMS tool (see WP-Intro-6), was the basis for the original WOA form. As stated at WP-III-A195, the Phase 2 WOA is a preliminary estimate based on early design assumptions. **The following response includes Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** The table below details the costs in the Contract Cost category.

SL-36-37 Estimated Contractor Cost Reconciliation (Phase 2 WOA)	
Cost Element	Contract Cost
Construction Contractor - CMS (WP-III-A196)	[REDACTED]
Other Contracted Services	[REDACTED]
TOTAL P2 WOA CONTRACT COST (WP-III-A196)	[REDACTED]

6.2.3.2 Yes.

6.2.3.3 Not applicable.

6.2.3.4 Not applicable.

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QUESTION 6.2.4:

With respect to the statement on WP-III-A197: “The repair condition was an existing 2-inch by 2-inch dent located approximately 2 feet, 10 inches past the proposed east tie-in location. In response, SoCalGas immediately reduced the line pressure in accordance with CFR §192.933(a)(1) and extended the replacement project an additional three feet to remove the damaged portion of the pipe. This activity (deployment of a crew to reduce the pressure and perform the blowdown) added additional costs to the project. Additionally, because a pipeline anomaly had been discovered, a direct assessment of the pipeline segment needed to be performed. Included in this assessment was a coating inspection, a measure of pipe characteristics, a corrosion assessment, and NDE. As a result of the discovery, the project lasted two weeks longer than planned.”

6.2.4.1. If the incremental replacement project that addressed the 2-inch by 2-inch dent in the pipe was 3 feet, why does Table 2 state that 7 feet of pipe was accelerated from Phase 1B?

6.2.4.2. What was the incremental cost associated with the replacement of the additional 3 feet of pipe that addressed the dent?

6.2.4.3. Please break this incremental cost down into the categories that are reflected in Table 3.

6.2.4.4. 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 the delay or added cost created by the replacement of the additional 3 feet of pipe that addressed the dent as described above in the cited quotation.

6.2.4.5. 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.

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RESPONSE 6.2.4:

- 6.2.4.1 See response to TURN-SCGC DR-06 Q6.2.1.2.
- 6.2.4.2 The increased Construction Contractor cost was \$57,563 for the additional three feet of pipe that addressed the dent, an extended excavation in another location and a longer tie-in duration. 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. See Response TURN-SCGC 6.1.1.3 for additional details regarding the cutting of pipe in the field for constructability.
- 6.2.4.3 Table 3 (WP-III-A196) reflects costs estimated prior to construction and does not include costs for the repair, since it was not an anticipated event at the time the estimate was prepared.
- 6.2.4.4-5 **The attached supporting documents include Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** A copy of the Request for Information (RFI) is provided in the attachment folder.

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Date Requested: June 21, 2017

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QUESTION 6.3.1:

These questions are directed at the workpapers regarding the SL-36-9-09-N 2b Hydrotest Project.

6.3.1. With respect to the statement on page WP-III-A202: “SoCalGas installed 80 feet of permanent pipe as a pre-installation for a future PSEP project in a later phase. This design:

- **Facilitated the current hydrotest, eliminated the need for the replacement of a valve, and avoided impacting customers; and**
- **Realized efficiencies by pre-installing replacement pipe that would be needed in the future replacement project (Section 2a) that would follow during a later time.”**

6.3.1.1. Please describe in specific terms how installing the 80 feet of replacement pipe facilitated the hydrotest, eliminating the need for a replacement valve.

6.3.1.2. What was the incremental cost associated with installing 80 feet of replacement pipe as part of this project?

6.3.1.3. Please demonstrate that there were cost savings achieved by including the 80 feet of replacement pipe in the project by showing the cost estimates including and excluding this length of pipe.

6.3.1.4. Please describe in specific terms how the pre-installed 80 feet of replacement pipe will be used in a future replacement project.

6.3.1.5. Please demonstrate that there will be cost savings achieved in the Phase 2A project by including the 80 feet of replacement pipe in the project by showing the cost estimates including and excluding this length of pipe.

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RESPONSE 6.3.1:

6.3.1.1 Response amended on October 4, 2017. Changes noted in red and deletions are noted in red strikethrough.

During the planning stage, SoCalGas and SDG&E recognized that the test head location for this project would have been in an environmentally sensitive and rocky area. The test head location was moved in order to reduce costs, mitigate environmental and local business impacts, and eliminate the need to replace an existing valve. The new location was situated in an open space that provided sufficient room for testing equipment. 80 feet of pipe was needed to connect from the existing pipe to this new test head location. ~~The~~Approximately 680 feet of pipe ~~that~~ remained after the hydrotest ~~is~~ a pre-lay for a future PSEP project.

6.3.1.2 Response amended on October 4, 2017. Changes noted in red and deletions are noted in red strikethrough.

~~Incremental costs were not determined. The 80 feet of replacement pipe would have been included in the project scope of the future Phase 1B project, as described in response to TURN-SCGC DR-06 Q6.3.1.1. The estimated direct and indirect cost for the additional pipe is \$580,278.~~

6.3.1.3 SoCalGas and SDG&E did not prepare a cost estimate to compare the cost of including these 80 feet of pipe within the scope of this Phase 1A project versus excluding the 80 feet. Based on operator knowledge and experience, testing of the pipe away from an environmentally sensitive area that would have required remediation, avoiding disruption to a local business, and avoiding an excavation for a tie-in in a rocky area, justified the inclusion of this pipe. The 80 foot pipe section also reduces costs for a future Phase 1B PSEP project.

6.3.1.4 Response amended on October 4, 2017. Changes noted in red and deletions are noted in red strikethrough.

The ~~approximately~~ 80 feet of pipe is included in the planning and engineering/design of the SL36-9-09N-P1B project, the routing of which avoids Serpentine rock and a local business.

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6.3.1.5 Response amended on October 4, 2017. Changes noted in red and deletions are noted in red strikethrough.

SoCalGas and SDG&E did not prepare a cost estimate to compare the cost of including these 80 feet of pipe within the scope of this Phase 1A project versus excluding the 80 feet and addressing them in a future project. As stated in response to TURN-SCGC DR-06 6.3.1.3, the inclusion of the 80 feet of replacement pipe allowed for the test head ~~of the future project~~ to be located away from an environmentally sensitive area that would have required remediation, avoided disruption to a local business, and avoided an excavation for a tie-in in a rocky area. Note, ~~the pre-lay of approximately 68 feet this~~ will be a Phase 1B, not Phase 2A future project.

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QUESTION 6.3.2:

With respect to the Table 2 on page WP-III-A203, which shows 0.165 miles of incidental mileage included in the project:

6.3.2.1. Is the 80 feet of replacement pipe included in the 0.165 miles of incidental pipeline mileage shown in Table 2?

6.3.2.2. If the answer to the previous question is “no,” please explain where the 80 feet of replacement pipe is shown.

6.3.2.3. Will the 80 feet of replacement pipe be considered incidental to the Phase 2A project referred to in the quote from WP-III-A202?

6.3.2.4. Please state in detail the basis for including the pipe in the SL-36-9-09-N 2b hydrotest project.

6.3.2.5. Please demonstrate that there were cost savings achieved by including the 0.165 miles of incidental mileage pipe in the project by showing the cost estimates including and excluding this length of pipe.

RESPONSE 6.3.2:

6.3.2.1 No.

6.3.2.2 Response amended on October 4, 2017. Changes noted in red and deletions are noted in red strikethrough.

The approximate 680 feet is shown in Figure 3 in green and ends at ‘Final Test Location.’ The footage is not in Table 2.

6.3.2.3 No.

6.3.2.4 Response amended on October 4, 2017. Changes noted in red and deletions are noted in red strikethrough.

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SoCalGas and SDG&E interpret this question to refer to the incidental portion of pipe. The incidental portion was included to allow for completion of the project in one test section rather than performing two separate hydrotests. See response to ~~TURN-SCGC-DR-06 Q6.3.1.1~~

6.3.2.5

Response amended on October 4, 2017. Changes noted in red and deletions are noted in red strikethrough.

SoCalGas and SDG&E did not prepare a cost estimate to compare the cost of including the 0.165 miles of incidental pipe. See response to ~~TURN-SCGC-DR-06 Q6.3.1.5.~~

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

QUESTION 6.3.3:

With respect to the statement on WP-III-A209: “The redesign would also further facilitate the future construction and tie-in activity of the SL-36-9-09-N 2a replacement project to be constructed at a later time (see Figure 3).” Why was SL-39-9-09-N 2a determined to be a replacement project?

RESPONSE 6.3.3:

Per the Decision Tree approved in Decision (D.)14-06-007, pre-1946 non-piggable pipe is identified for replacement.

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

QUESTION 6.3.4:

With respect to the statement on WP-III-A210: “The Performance Partner/Construction Contractor’s TPE was \$xxxx, which is \$xxxx more than the Stage 3 Construction Contractor direct estimate of \$xxxx that was used to develop the Phase 2 WOA estimate.”

6.3.4.1. Please reconcile the last of the redacted cost figures with the contract costs figure in Table 3.

6.3.4.2. Was the construction contractor discussed in the quote shown here responsible for completing the entire job?

6.3.4.3. If the answer to the previous question is “no,” please describe how the aspects of the job that were not to be addressed by the construction contractor were expected to be completed.

6.3.4.4. If SoCalGas retained multiple contractors for this job, please breakdown the contract costs between contractors.

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

RESPONSE 6.3.4:

6.3.4.1 **The following response includes Confidential and Protected Information Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** As stated at WP-III-A208, the Phase 2 WOA is a preliminary estimate based on early design assumptions. The Phase 2 WOA Contract Costs include the estimate for construction contractor costs (the last redacted figure) plus estimated costs for other contracted construction and engineering services, as detailed in the table below.

SL-36-9-09-N 2b Phase 2 WOA Contract Cost Estimates	
Construction Contractor (WP-III-A210)	
Construction Contractor Contingency	
Construction Management & Support	
Environmental - Abatement & IH	
Environmental - Planning	
Engineering & Design	
Land Use & Permits	
Project Management and Project Services	
TOTAL P2 WOA CONTRACT COST (WP-III-A208)	

6.3.4.2 Yes.

6.3.4.3 Not applicable.

6.3.4.4 Not applicable.

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

QUESTION 6.3.5:

With respect to the statement on WP-III-A211 and WP-III-A212: “Construction delays due to the field conditions discussed below contributed to the approximate 20-day delay from the preliminary construction schedule as well as increased costs.

Conditions were encountered in the field that were not anticipated during design and planning that had to be addressed or mitigated. Listed below is a summary of the key field changes broken down by type of change for this project:

Leak Condition: The construction team identified a minor leak on the pipeline while removing a pressure control fitting in order to complete the hydrotest. The team reacted in a safe manner to contain the leak by placing a temporary clamp over the leak. The team then removed the pipe where the leak had been identified along with the pressure control fitting and replaced the segment with new pipe. Permits: The northern blow off valve that was identified for removal was on Caltrans property. A Caltrans permit was requested to gain access to the valve for removal. Constructability Issue: Additional pressure control fittings not in the original scope of work were added to safely perform gas handling.”

- 6.3.5.1. Please state the date when the construction site was fully mobilized.
- 6.3.5.2. Please state the date when the leak condition was discovered.
- 6.3.5.3. How many days of delay were created by the discovery and remediation of the leak condition?
- 6.3.5.4. What was the incremental cost of remediating the leak condition?
- 6.3.5.5. When was the northern blow off valve found to be on Caltrans property?
- 6.3.5.6. Was the valve shown to be on Caltrans property in the maps and drawings that were available to SoCalGas in Phases 3 and 4?
- 6.3.5.7. How many days of delay were created by the requirement that the project had to obtain a Caltrans permit?

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

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- 6.3.5.8. Was the project able to continue work while waiting for the Caltrans permit?
- 6.3.5.9. If the answer to the previous question is “no,” what was the cost per day associated with having a fully mobilized job site unable to proceed?
- 6.3.5.10. Why was it necessary to add pressure control fittings?
- 6.3.5.11. What was the incremental cost associated with adding the pressure control fittings?
- 6.3.5.12. What was the additional time required to add the pressure control fittings?

RESPONSE 6.3.5:

- 6.3.5.1 June 24, 2014.
- 6.3.5.2 July 2, 2014.
- 6.3.5.3 The delay was not tracked separately from other construction activities. Resources were reallocated to other activities, as appropriate.
- 6.3.5.4 The incremental cost associated with remediating the leak condition is not quantifiable as the overall construction crew was actively working on multiple processes and tasks during the same duration.
- 6.3.5.5 June 27, 2014.
- 6.3.5.6 No.
- 6.3.5.7 The delay to obtain the Caltrans permit amounted to one day. SoCalGas and SDG&E were able to use an existing Caltrans permit, which required providing 24-hour notice to Caltrans of upcoming work.
- 6.3.5.8 Yes.
- 6.3.5.9 Not applicable.

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

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- 6.3.5.10 Please see ORA DR-04 Q4.23a. The District operations required additional fire control fittings for gas handling that were not specified before construction. The additional nipples were required to facilitate gas handling near the tie-in locations. Those additional nipples were not included in the original scope of work or design drawings. Site space constraints caused the need for additional bell holes for the vent stacks to be located at a safe distance from the work site.
- 6.3.5.11 The increased Construction Contractor cost was \$54,704 for adding the fittings to provide for a safe hydrotest procedure which included the additional bell holes where the fittings could be installed. 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.
- 6.3.5.12 One day.

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

QUESTION 6.3.6:

With respect to Table 4 on WP-III-A213:

- 6.3.6.1. Please explain why the cost of other directs increased from an estimated \$41,855 to \$1,099,506.
- 6.3.6.2. Please identify the cost components to the other directs category.
- 6.3.6.3. Please break down the \$1,099,506 into the separate cost categories identified in the previous question.

RESPONSE 6.3.6:

- 6.3.6.1 **The response and attached supporting documents include Confidential and Protected Information Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** The key difference between the Phase 2 WOA Other Direct cost estimate and Capital (actual) Other Direct costs is the grouping of costs between Contract Costs and Other Direct Costs. A table detailing these costs is provided in the attachment folder.

The specific actions that caused the variance between the estimated and the actual costs for SL36-9-09-N 2b are:

- Scope change: The scope of work was increased as unforeseen conditions were encountered in the field requiring additional pressure control fittings to be added for safety purposes, replacement of pipe and fittings in response to a leak discovered in the field, and removal of a blow-off valve requiring additional permitting. (WP-III-A211-A-212) The added scope increased the duration of construction, resulting in project management, engineering inspection, and environmental services cost increases.
- Construction Contractor Estimate: The difference between the TIC contractor estimate and the Performance Partner contract was the addition of approximately [REDACTED] in actual Contract Costs. (WP-III-A210).

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

-
- Estimation tool: The early version of the PSEP Estimating tool had not been adjusted to reflect current market conditions. This resulted in underestimation of key contracted services (not related to scope changes):
 - Engineering services
 - Water management
 - Environmental services
 - Inspection services

6.3.6.2 Please see table in response to TURN-SCGC DR06 Q6.3.6.1 above.

6.3.6.3 Please see table in response to TURN-SCGC DR06 Q6.3.6.1 above.

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

QUESTION 6.4.1:

These questions are directed at the workpapers regarding the SL-36-9-09-N 6a Hydrotest Project.

6.4.1. With respect to the statement on WP-III-A224: “In the area later designated as 6a there were three separate segments that required hydrotesting. Rather than conduct three separate hydrotests (each with the requisite mobilization, bell holes and test heads), cost savings could be realized by combining the three tests into one by including incidental mileage (for the marginal expense of the extra water used).”

6.4.1.1. What is the estimated incremental cost associated with the “requisite mobilization, bell holes, and test heads”?

6.4.1.2. What is the estimated incremental cost associated with the additional water?

RESPONSE 6.4.1:

6.4.1.1 SoCalGas and SDG&E did not prepare cost estimates to measure the incremental cost of additional mobilization, bell holes and test heads. Based on operator knowledge and experience, conducting three separate hydrotests would have required six test head locations rather than two, which would have increased costs and impacts. Separately hydrotesting three separate segments would have increased the administrative burdens, costs, and impacts of the project without providing a commensurate safety enhancement benefit for customers.

6.4.1.2 Non-potable well water was obtained from the City of Arroyo Grande for the hydrotest at the cost of less than \$6 per 100 cubic feet. The cost of the water to fill the entire pipe was less than \$150.

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

QUESTION 6.4.2:

With respect to the statement on WP-III-A225: “The Performance Partner/Construction Contractor TPE was \$xxxx which is \$xxxx more than the Stage 3 Construction Contractor direct estimate of \$xxxx that was used to develop the Phase 2 WOA estimate.”

6.4.2.1. Please reconcile the last of the redacted cost figures with the contract costs figure for the O&M column in Table 3.

6.4.2.2. Was the construction contractor discussed in the quote shown here responsible for completing the entire hydrotest?

6.4.2.3. If the answer to the previous question is “no,” please describe how the aspects of the hydrotest that were not to be addressed by the construction contractor were expected to be completed.

6.4.2.4. If SoCalGas retained multiple contractors for this job, please breakdown the contract costs between contractors.

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

RESPONSE 6.4.2:

6.4.2.1 **This response includes Confidential and Protected Information Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.**

Line 36-9-09-N 6a Estimated Contractor Cost Reconciliation (Phase 2 WOA)	
Cost Element	Contract Cost
Construction Contractor - TIC (WP-III-A225)	██████████
minus Paving Estimate (excluded when the WOA was split between 6a and 6b)	██████████
Construction Contractor Contingency	██████████
Water Storage and Water Services	██████████
Other Contracted Services	██████████
TOTAL P2 WOA CONTRACT COST (WP-III-A223)	██████████

6.4.2.2 Yes.

6.4.2.3 Not applicable.

6.4.2.4 Not applicable.

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

QUESTION 6.4.3:

With respect to Table 4 on WP-III-A227:

6.4.3.1. Please explain why the cost of other directs increased from an estimated \$74,882 to \$949,412.

6.4.3.2. Please identify the cost components to the other directs category.

6.4.3.3. Please break down the \$949,412 into the separate cost categories identified in the previous question.

RESPONSE 6.4.3:

6.4.3.1 **The response and attached supporting documents include Confidential and Protected Information Pursuant to PUC Section 583, GO 66-C, and D.16-08-024.** The key difference between the Phase 2 WOA Other Direct cost estimate and Capital (actual) Other Direct costs is the grouping of costs between Contract Costs and Other Direct Costs. A table detailing these costs is provided in the attachment folder.

Specific conditions that drove the variance between the estimated and the actual costs for SL36-9-09-N 6a are:

- Scope change: The project was subsequently determined to require both testing and replacing pipe. In order to split this project into a replacement section and a hydrotest section, the scope was changed to add a test head. Additional design, fabrication, contractor and inspection costs were incurred to implement this change in scope. (WP-III-A228)
- Construction Contractor Estimate: The difference between the TIC contractor estimate and the Performance Partner contract was the addition of approximately [REDACTED] in actual Contract Costs. (WP-III-A225)

**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)**

(DATA REQUEST TURN-SCGC-006)

Date Requested: June 21, 2017

Date Responded: July 14, 2017

Date Amended: October 4, 2017

-
- Estimation tool: The early version of the PSEP Estimating tool had not been adjusted to reflect current market conditions and local pricing. This resulted in underestimation of key contracted services:
 - Engineering and Design Services
 - Environmental planning costs
 - Inspection costs
 - Project Support (survey and mapping)

 - Environmental Disposal Costs: Certain anticipated environmental disposal costs were not incurred.

6.4.3.2 Please see the table in response to TURN-SCGC DR06 Q6.4.3.1.

6.4.3.3 Please see the table in response to TURN-SCGC DR06 Q6.4.3.1.

**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:

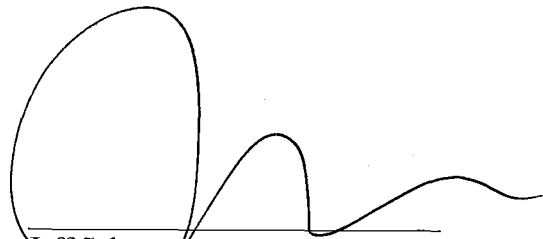
1. I am a Program Recovery & Compliance Manager in the Major Programs & Project Controls for San Diego Gas & Electric Company (“SDG&E”) and Southern California Gas Company (“SoCalGas”) designated by Jimmie Cho, Senior Vice President, Gas Operations and System Integrity for SDG&E and SoCalGas. I have been delegated authority to sign this declaration by Mr. Cho. I have reviewed the Response of SoCalGas and SDG&E to the Sixth 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 Sixth 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 Sixth 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 6th day of July, 2017, at Los Angeles, California.



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 Sixth 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 Sixth Data Request in A.16-09-005, Application to Recover Costs Recorded in Pipeline Safety & Reliability Memorandum Accounts, the Safety Enhancement Expense Balancing Accounts, and the Safety Enhancement Capital Cost Balancing Accounts, 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 Sixth Data Request in A.16-09-005, Application to Recover Costs Recorded in Pipeline Safety & Reliability Memorandum Accounts, the Safety Enhancement Expense Balancing Accounts, and the Safety Enhancement Capital Cost Balancing 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 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>Q6.2.04.4 CONFIDENTIAL SL-36-37 RFI 1: pp.1</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>Q6.2.04.4 CONFIDENTIAL SL-36-37 RFI 1: pp.1-2 Q6.3.06.1 CONFIDENTIAL L36-9-09 2B Cost Table: pp.1 Q6.4.03.1 CONFIDENTIAL L36-9-09 6A Cost Table: pp.1</p> <p>Data Request response to Question: 6.1.2.2, 6.2.3.1, 6.3.4.1, 6.3.6.1, 6.4.2.1, and 6.4.3.1</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>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>Q6.2.04.4 CONFIDENTIAL SL-36-37 RFI 1: pp.1-2</p>