

**SAN DIEGO GAS & ELECTRIC COMPANY
SOUTHERN CALIFORNIA GAS COMPANY
PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)
(A.15-09-013)
(DATA REQUEST UCAN-05)**

**Date Requested: January 4, 2017
Date Responded: January 19, 2017**

PRELIMINARY STATEMENT

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

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GENERAL OBJECTIONS

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

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QUESTION 1:

Assuming natural gas price is not an issue, identify all pipeline system design and/or capacity issues that could limit Sempra Utilities' reliance on LNG from Costa Azul for natural gas supply to Southern California core and non-core customers?

RESPONSE 1:

SDG&E and SoCalGas object to this question as vague and ambiguous. Subject to and without waiving this objection, SDG&E and SoCalGas respond as follows.

Potential pipeline constraints are a function of the volume of LNG to be transported from the Costa Azul facility, across the Mexican pipelines, and into the SDG&E system at Otay Mesa and/or the SoCalGas system at Blythe. SDG&E and SoCalGas have capacity to receive 400 MMcf/d of supply on a firm basis at Otay Mesa and 600 MMcf/d of supply on a firm basis at Blythe. SDG&E and SoCalGas cannot speak towards any potential capacity issues on pipelines owned and operated by other entities. SDG&E and SoCalGas also express no opinion, and have no information about the availability of LNG from Costa Azul at whatever points in time this Question assumes potential delivery to Southern California core and non-core customers, or what it would cost to assure that supply is available at such points in time.

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**Date Requested: January 4, 2017
Date Responded: March 6, 2017
Amended Response Submitted: March 12, 2017**

QUESTION 2:

Referring to ORA DR-3: SED_DR_01_Q3-4 For every section of L-1600 pipe replaced and hydro tested as shown on the map provided, provide copies of final reports of analysis of L-1600 piece(s) of pipe removed (including pipe specifications, condition of pipe and failure analysis).

RESPONSE 2:

Applicants object that Question 2 is unduly burdensome, particularly given that the information sought is of very limited, if any, relevance to any issue in this proceeding. Question 2 seeks any reports that may exist regarding analysis of Line 1600 pipe removed in the past, which, by definition, is no longer part of the existing pipeline. While any such analysis might provide information on the removed pipe at the time of its removal (many of the identified removals occurred decades ago), any such analyses would not be evidence regarding the condition of the existing pipeline at the current time. Applicants conducted in-line inspections of the existing Pipeline 1600 from 2012 to 2015, which is the best information about the current condition of the existing pipelines. Without waiving their objections, Applicants respond as follows:

Following a reasonably diligent search through Pipeline 1600 records, lab reports containing pipe specifications, condition of pipe or failure analysis do not exist for the sections of Pipeline 1600 that were removed from the locations shown on the map provided. To the Applicants' knowledge, the replacement of these segments were primarily driven by conflicts that come about due to development of land and public infrastructure, where the pipeline needed to be relocated to make room for residential and commercial development, construction of new freeways, street widening and/or re-alignment, drainages, other utility installations, retrofitting to accommodate for valves/fittings or other similar factors and not related to integrity concerns. Although not within the scope of the request, the Applicants provided a Post Assessment Report for the 2012 – 2015 In-line Inspection of SDG&E Pipeline 1600, which was thought to be responsive because it provides extensive information regarding the existing pipeline, including its current condition and original construction. The Post Assessment Report provides information directly relevant to the condition of the existing pipeline, which is more relevant than any information that may, or more likely may not, exist about Line 1600 pipe segments that were removed in the past.

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QUESTION 3:

In Sempra's 2nd Q and 3rd Q 2016 Earnings Results Presentation, Sempra Energy itemized the following adjustment - \$123 million after-tax charge (\$206 million pretax) charge recorded in the second quarter of 2016 from Sempra Natural Gas' permanent release of pipeline capacity. Did that adjustment relate to pipeline capacity in Sempra Utilities' service territories? If yes, please explain what the "release of pipeline capacity" was?

RESPONSE 3:

SDG&E and SoCalGas object to this question insofar as it seeks information that is publicly available or otherwise equally accessible to UCAN. Subject to and without waiving this objection, SDG&E and SoCalGas respond as follows.

SDG&E and SoCalGas are not the authors of the Sempra Energy 2nd Q and 3rd Q 2016 Earnings Results Presentation. Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company. Sempra Energy's California regulated utilities, SDG&E and SoCalGas, are separate legal entities with detached accountability. Please refer to Sempra Energy's website for their 10-Q for 2016 Q2, dated August 4, 2016:

<http://investor.shareholder.com/sre/secfiling.cfm?filingID=86521-16-123&CIK=1032208>

As explained in Sempra Energy's 10-Q for 2016 Q2 at Note 1: Sempra Natural Gas is a reportable segment of Sempra U.S. Gas & Power. Sempra U.S. Gas & Power, LLC is not the same company as the California utilities, SDG&E or SoCalGas, and Sempra U.S. Gas & Power, LLC is not regulated by the California Public Utilities Commission.

As further explained in Note 11 of Sempra Energy's 10-Q for 2016 Q2, "In the second quarter of 2016, Sempra Natural Gas permanently released pipeline capacity that it held with Rockies Express and others. The effect of the permanent capacity releases resulted in a pretax charge of \$206 million (\$123 million after-tax), which is included in Other Cost of Sales on the Sempra Energy Condensed Consolidated Statement of Operations in the three months and six months ended June 30, 2016."

Thus, the Sempra Energy itemized adjustment of \$123 million after-tax charge did not relate to pipeline capacity in SDG&E's and SoCalGas' service territories.

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QUESTION 4:

If Line 3602 is built as proposed and placed into service,

- a. When the line is operational, what is the projected maximum, minimum and average excess capacity that the Sempra Utilities anticipate for L-3010 and L-3602 transmission lines?
- b. How do the Sempra Utilities envision the excess capacity of the L-3010 and L-3602 transmission pipelines might be utilized over the next 5-20 year timespan?
- c. Provide all reports, forecasts and spreadsheets in the possession of the Sempra Utilities that show details of known or estimated future capacity utilization for L-3010 and L-3602.
- d. How could significant changes in the price of natural gas (up and down) alter the capacity utilization of the L-3010 and L-3602 transmission pipeline? (Provide Sempra Utilities' own definition of "significant"). Provide any existing analyses, from any source, that support this response.
- e. Would it be possible for SoCalGas to move gas from Costa Azul LNG into SoCalGas' underground storage facilities? If the answer is "no," please explain what factors preclude that possibility. If "yes," explain how the gas would be moved from Costa Azul to underground storage.

RESPONSE 4:

- a. SDG&E and SoCalGas object to this question on the grounds that "excess capacity" is vague and ambiguous, it seeks information not in SDG&E's and SoCalGas' possession custody or control, and thereby calls for speculation. SDG&E and SoCalGas do not forecast capacity utilized on individual pipelines. Subject to and without waiving this objection, SDG&E and SoCalGas respond as follows.

As proposed, the SDG&E system capacity will increase to 830 MMcfd with the installation of proposed Line 3602. Annual average demand for the SDG&E system, both historical and forecast, is available in the 2016 California Gas Report, which can be found at <https://socalgas.com/regulatory/documents/cgr/2016-cgr.pdf>. Forecast peak SDG&E system demand under 1-in-10 year cold day conditions is available in the SDG&E Gas

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Capacity Planning and Demand Forecast Semi-Annual Report, filed with the Commission on October 31, 2016 and attached to this response. This data, along with the system capacity provided above, can be used by UCAN to estimate the difference between available capacity and expected demand. SDG&E and SoCalGas do not have a business need for long-term minimum summer demand forecasts, and have not prepared such forecasts for the proposed project.

- b. The term “excess capacity” is ambiguous. Subject to and without waiving this objection, SDG&E and SoCalGas respond as follows. SDG&E and SoCalGas have made no forecasts on how SDG&E system capacity may be fully utilized. However, greater capacity helps to maintain reliable uninterrupted service when the peak hourly demand is high and during times of system stress, outages, and system maintenance.
- c. Please refer to the response to Question 4(a) above.
- d. No such studies exist.
- e. Without further system improvements, LNG supply received at Otay Mesa cannot physically be transported or stored in any of the SoCalGas storage fields. With the current infrastructure and Otay Mesa receipt capacity, local demand on the SDG&E system and on the SoCalGas system in Riverside and San Bernardino counties would use that supply before it reached SoCalGas’ storage fields. LNG supply delivered at Blythe can physically be stored in SoCalGas storage fields in the Los Angeles Basin, assuming sufficient supply is also delivered from the El Paso Natural Gas Pipeline at Ehrenberg such that the Southern System demand is exceeded.

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QUESTION 5:

Neil Navin states that the pre-lay 36" 0.5 WT API 5L_X-60 steel pipe was installed at Pomerado Road in 1994 in anticipation of the future 3602 Transmission pipeline from Rainbow. Provide all reports and/or planning documents in the possession of Sempra Utilities that support this statement.

RESPONSE 5:

The attached documents, which **contain confidential information provided pursuant to the Nondisclosure and Protection Agreement between SDG&E/SoCalGas and UCAN**, are related to the planning and construction of the 36" diameter pipeline installed in Pomerado Road in the City of Poway. These documents reference that this work was part of a future 36" gas transmission pipeline from Rainbow.

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QUESTION 6:

Provide all 1993-2004 SDG&E and SoCalGas reports (external and internal), including published papers and power point presentations, that present and discuss opportunities and long term plans for importing foreign LNG into the Southern California to supply SoCalGas and SDG&E customers. Include all documents published by company & corporate individuals, as well as company & corporate reports and documents prepared in-house and by contractors.

RESPONSE 6:

After a reasonably diligent search, SDG&E and SoCalGas were unable to locate responsive internal documents on this topic for the timeframe requested. Please refer to the public record in R.04-01-025 for any external documents.