PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

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.

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

- 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.

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

Subject: Ability to Contract for and Deliver Gas, Including Capacity, to the Otay Mesa Receipt Point for SDG&E's Service Territory (Q.1 – Q.6)

QUESTION 1:

In a meeting between ORA and SoCalGas and SDG&E staff on March 7, 2017 (March 7 meeting), ORA understood that it is possible for SoCalGas and SDG&E to enter into contracts to both purchase and transport enough natural gas to fill the entire 400 mmcfd capacity at the Otay Mesa receipt point into the SDG&E system ("Otay Mesa Receipt Point"). Please confirm this understanding is accurate.

RESPONSE 1:

SDG&E and SoCalGas (Applicants) object that Question 1 calls for information not in Applicants' possession, custody or control, is vague and ambiguous in terms of time and terms, and calls for speculation about how owners of pipeline and/or storage capacity and sellers of gas might respond to one or more Request for Offers ("RFOs"). Without waiving and subject to their objections, Applicants respond as follows:

Applicants lack sufficient information to respond to Question 1. As Applicants previously have informed ORA in responses to numerous data requests, and as discussed in SDGE-6-R Updated Prepared Direct Testimony of Paul Borkovich at 3-9 and SDGE-12 Supplemental Testimony of SDG&E and SoCalGas at 37-51: (a) SDG&E's Otay Mesa receipt point has the physical capacity to receive 400 MMcfd if that volume of gas is delivered to the receipt point; (b) there is a pipeline pathway to transport gas supply from the El Paso Natural Gas (EPNG) South Mainline system near Ehrenberg, Arizona to the Otay Mesa receipt point via the North Baja California (BC) pipeline system, which is comprised of three pipelines: North Baja Pipeline, Gasoducto Rosarito and TGN—but much of the capacity on that system is owned by other entities, which are serving gas customers in Mexico and, as of February 2016 Gasoducto Rosarito indicated it had only 20 MMcfd of firm service available on its system; (c) there is a pathway for liquefied natural gas (LNG) to be delivered by tanker to the Energia Costa Azul Liquefied Natural Gas Terminal (ECA), offloaded to ECA storage facilties, re-gasified, and transported via pipeline to the Otay Mesa receipt point—but other entities (Shell, Gazprom and IEnova LNG) own ECA's storage capacity and IEnova has disclosed that as of December 31, 2015 Shell and Gazprom have not used their storage capacity since the facility started operation; (d) there are additional costs to transporting gas from EPNG through Mexico to the Otay Mesa receipt point; and (e) the costs of LNG are far higher than the costs of gas.

Question 1 does not identify the terms of the hypothetical contracts by which Applicants would purchase 400 MMcfd of gas to be delivered at the Otay Mesa receipt point. Although it is

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

speculation, Applicants speculate that, at some price, given the existing gas demand served from the North BC pipeline system, an entity would seek to construct one or more new pipelines from EPNG to the Otay Mesa receipt point to provide up to 400 MMcfd of new capacity, and would seek to recover all costs of constructing and financing such pipeline(s), plus profit, over the term of its initial contract with Applicants. Applicants also speculate that, at some price, Applicants would be able to purchase 400 MMcfd of gas that could be delivered via the pipeline capacity obtained through such contract. Applicants cannot predict whether an entity proposing to construct one or more new pipelines from EPNG to the Otay Mesa receipt point would obtain the necessary permitting approvals to do so, the duration of construction or when such new pipeline(s) might be in service.

Further, Applicants note that the Commission would have to authorize and approve any such contracts. SoCalGas Rule 41 requires Applicants to seek Commission authority for any additional tools necessary to meet Southern System minimum flow requirements through an application. SoCalGas Rule 41 authorizes certain "tools" for the Operational Hub to use to deliver gas at Southern System Receipt Points, including Otay Mesa, in order to maintain system reliability and integrity. Practically speaking, these tools are currently limited to spot gas purchases at Otay Mesa or the interruptible transportation of gas from EPNG to Otay Mesa. Neither of these tools can assure delivery of 400 MMcfd of gas supply to Otay Mesa at any particular point in the future.

Applicants through its Operational Hub could issue RFOs for proposals to create additional tools to manage system reliability at Otay Mesa. These proposals could include either firm contract rights to transport gas to Otay Mesa or the purchase of gas supply at Otay Mesa under long term agreements. For the reasons noted above and in the cited testimony, firm rights to deliver or for delivery of gas in any volume close to 400 MMcfd would appear to require construction of new pipeline(s) along the path from EPNG to Otay Mesa. Applicants believe that an RFO for such Otay Mesa service issued without a Commission approved framework or guideline for subsequent approval of specific proposals would not be viewed as credible by potential respondents.

Although it is also speculation, Applicants speculate that the Commission would not approve a long term contract for delivery of 400 MMcfd of re-gasified LNG from ECA at the Otay Mesa receipt point as the cost of LNG is far in excess of the cost of gas delivered to EPNG. Absent a long term contract, there is no assurance that ECA would have sufficient gas in storage when SDG&E customers need it or that the owner of such gas would sell it at a reasonable price (rather than a price that seeks to recoup years of paying for uneconomic storage).

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

QUESTION 2:

At the March 7 meeting, ORA understood that one path to deliver 400 mmcfd of natural gas at Otay Mesa receipt point, natural gas could be:

- a. Delivered from tankers from the Pacific Ocean to the Energia Costa Azul Liquefied Natural Gas Terminal on the west coast of Mexico located approximately 14 miles north of Ensenada;
- b. Transported through the Gasoducto Rosarito Costa Azul spur from the Energia Costa Azul Liquefied Gas Terminal to the Gasoducto Rosarito pipeline;
- c. Transported through the Gasoducto Rosarito pipeline from the Gasoducto Rosarito Spur to the Transportadora De Gas Del Norte ("TGN") pipeline.
- d. Transferred through the TGN pipeline from the Gasoducto Rosarito pipeline to the Otay Mesa Receipt Point.
- e. From the Otay Mesa Receipt Point into the SoCalGas/SDG&E pipeline system. Is ORA's understanding accurate? If not, please clarify the path that could be used in order to deliver 400 MMcfd of natural gas at Otay Mesa receipt point.

RESPONSE 2:

Applicants object that Question 2 is vague and ambiguous in its use of the term "could," and, if it is meant to imply anything other than a physical path, calls for speculation in terms of time, terms, the LNG market, and whether the owners of the pipeline and storage capacity would be willing to sell and on what terms. Without waiving and subject to their objections, Applicants respond as follows:

Interpreting Question 2 as asking only about the physical pathway, and nothing about the feasibility or cost of obtaining gas through that pathway, it is not an accurate description of how gas is delivered to Energía Costa Azul (ECA) and transported from there to Otay Mesa. As described in the IEnova Annual Report "The LNG terminal (ECA) provides receipt and storage facilities for our (IEnova's) customers' LNG, regasifies this LNG and delivers the resulting natural gas to our Rosarito pipelines system (Gasoducto Rosarito and TGN), which has delivery capabilities in the State of Baja California and the United States. Our LNG business also purchases LNG for its own account, for storage and regasification at the LNG terminal, and sells natural gas to related parties and third –party customers. The LNG terminal has a storage capacity of approximately 320,000 cubic meters (73.3 MMTh) in two tanks, each of 160,000

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

cubic meters (36.6 MMTh) and is designed to operate at a maximum send-out capacity of 1,300 MMcfd (13.5 MMThd) or a nominal capacity of 1,000 MMcfd (10.4 MMThd)."

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

QUESTION 3:

Regarding the contracts asked about in question 1, is it possible that SoCalGas and SDG&E could enter into those types of contracts with companies who are not affiliates of Sempra Energy ("non-Sempra affiliates"), the parent company of SoCalGas and SDG&E?

RESPONSE 3:

Applicants object that Question 3 is vague and ambiguous in its reference to "the contracts asked about in question 1" and calls for speculation by asking whether it is "possible" to enter into such contracts with unaffiliated entities. Without waiving and subject to their objections, Applicants respond as follows:

Applicants incorporate herein their responses to Questions 1 and 2 above and further state Applicants cannot respond yes or no to this question because Applicants lack sufficient information and do not know the terms included in the hypothetical Commission authorization for Applicants to issue an RFP.

SoCalGas and SDG&E could enter into supply agreements with non-Sempra affiliates. But SoCalGas and SDG&E believe that excluding non-Sempra affiliates from an RFP process would result in an even more sub- optimum outcome. Two of the three pipelines on the North BC pipeline system (Gasoducto Rosarito and TGN), as well as ECA are owned by subsidiaries of IEnova, a subsidiary of Sempra Energy and the Applicants' affiliate. Applicants speculate that a non-affiliated entity could propose to construct a new pipeline from EPNG to Otay Mesa if such entity deemed likely Commission approval of a long term contract allowing such entity to recover all costs plus profit in doing so. Credible proposals would not be expected without a Commission approved process providing guidance on general terms and conditions that specific proposals would have to meet in order to qualify for subsequent approval.

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

QUESTION 4:

Regarding the contracts asked about in questions 1, 2, and 3, is it possible that SoCalGas and SDG&E could purchase and transport 400 MMcfd of natural gas along the path identified in question 2 to the Otay Mesa Receipt Point with contracts between SoCalGas/SDG&E and non-Sempra affiliates? Please answer yes or no first before providing any explanation. Please assume for purposes of this question that the Commission authorized SoCalGas/SDG&E to issue a Request for Proposals ("RFP").

RESPONSE 4:

Applicants object that Question 4 calls for information not in Applicants' possession, custody or control, is vague and ambiguous in terms of time and terms, and calls for speculation about how owners of pipeline and/or storage capacity and sellers of gas might respond to one or more RFOs. Without waiving and subject to their objections, Applicants respond as follows:

Applicants incorporate herein their responses to Questions 1, 2 and 3 above and further state Applicants cannot respond yes or no to this question because Applicants lack sufficient information and do not know the terms included in the hypothetical Commission authorization for Applicants to issue an RFP.

With respect to avoiding Sempra Energy affiliates, Question 4 assumes delivery of gas through ECA. The IEnova 2015 Annual Report (page 56) states that Shell and Gazprom hold 50% of the ECA storage capacity and IEnova LNG holds 50%. Applicants could seek to contract for firm gas deliveries at Otay Mesa from either Shell or Gazprom (but not IEnova LNG, which is an affiliate), but that may result in those entities seeking contracts with IEnova LNG for additional or longer term storage capacity, and with other IEnova subsidiaries for pipeline transportation rights.

Whether such entities would respond to an RFP would depend upon the credibility of the RFP. As stated in SDG&E-12 Supplemental Testimony:

Similarly, the cost of purchasing LNG from the ECA facility is expected to remain high due to continuing disparity between domestic U.S. natural gas prices and delivered prices for LNG. IEnova says as much in their recent annual report in reporting their concerns regarding receiving enough LNG to keep the ECA storage facility operational. They state:

Of the terminal's capacity holders, only IEnova LNG has delivered LNG cargos to the terminal. Based on the market price of LNG relative to the price of natural gas in the natural gas markets typically served using

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

regasified LNG from our LNG terminal, we do not anticipate that our third party customers, Shell Mexico, or Shell, and Gazprom Mexico, or Gazprom, will deliver LNG to the terminal in the near future, and we do not anticipate that in the near future our subsidiary IEnova LNG will deliver more than the minimum quantities required to keep the terminal cold.

For this reason, potential respondents would probably not view a daily purchase of 400 MMcfd at Otay Mesa as a credible prospect based on expected market conditions for the foreseeable future.

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

QUESTION 5:

Regarding the contracts asked about contracts asked about in questions 1, 2, and 3, For purposes of this question, please hypothetically assume that:

- a. There is an RFP authorized by the Commission to get bids on the Gasoducto Rosarito LNG spur and on the TGN line.
- b. There are no issues with SoCalGas and SDG&E purchasing gas from a Sempra owned affiliate in Mexico.

Is it possible for SoCalGas and SDG&E to enter into contracts with affiliates of Sempra Energy to both purchase and transport enough natural gas to fill the entire 400 mmcfd capacity at the Otay Mesa receipt point into the SDG&E system? Please answer yes or no first before providing any explanation.

RESPONSE 5:

Applicants object that Question 5 calls for information not in Applicants' possession, custody or control, is vague and ambiguous in terms of time and terms, and calls for speculation about how owners of pipeline and/or storage capacity and sellers of gas might respond to one or more RFOs. Without waiving and subject to their objections, Applicants respond as follows:

See the responses to Questions 1, 2, 3 and 4 above.

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

QUESTION 6:

Although Otay Mesa Receipt Point currently has a capacity of 400 MMcfd, is it possible that SoCalGas and SDG&E could contract for 600 MMcfd of capacity, transportation and purchase of natural gas with non-Sempra affiliates along the paths identified in question 2? If not, explain what system modifications would be necessary to do so, for example expansion of the Otay Mesa Receipt Point.

RESPONSE 6:

Applicants object that Question 6 calls for information not in Applicants' possession, custody or control, is vague and ambiguous in terms of time and terms, and calls for speculation about how owners of pipeline and/or storage capacity and sellers of gas might respond to one or more RFOs. Without waiving and subject to their objections, Applicants respond as follows:

See the responses to Questions 1, 2, 3, 4 and 5 above. Further, see SDGE-12 Supplemental Testimony at 46-476 (footnotes omitted), which states:

To provide the same level of reliability as the Proposed Project, *i.e.*, full redundancy for a Line 3010 or Moreno Compressor Station outage, and enhanced ability to meet intra-day fluctuating demand, the Utilities would need to receive up to 570 MMcfd at the Otay Mesa receipt point for the same time period. To receive that quantity, SDG&E would have to increase the capacity of the Otay Mesa receipt point (currently limited to 400 MMcfd). To deliver that quantity of gas to the expanded Otay Mesa receipt point, either SDG&E would have to enter into a contract with an entity that would construct a new North BC pipeline (as the quantity vastly exceeds the available capacity of the existing North BC Pipeline System) or SDG&E would have to enter into a firm contract to purchase liquefied natural gas delivered to the ECA LNG facility and delivered to Otay Mesa through the TGN pipeline. These alternatives would not provide the same avoided cost benefits as the Proposed Project due to their sporadic use only during times when demand is expected to exceed available capacity at Rainbow.

The Utilities do not believe this alternative would be cost-effective. The estimated direct cost of expanding the Otay Mesa receipt point to receive up to 570 MMcfd is approximately \$100 million. The Utilities estimated the cost of constructing new pipelines to loop the North BC pipelines at \$977 million. While such an estimate has considerable uncertainty given that the Utilities do not construct pipelines in Mexico, it is the best information available to the Utilities at this point. These two costs render this option not cost-effective without further analysis of what the owner of the new pipeline might charge to provide firm delivery rights on the new pipeline, though such an owner would seek to a

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

rate of return in addition to its costs. Finally, the cost of purchasing LNG from the ECA facility is expected to be above market for the foreseeable future for starters due to the incremental costs of liquefaction, transportation, and regasification for LNG that are not required for domestic supply.

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

Re: Questions Regarding Costs to Supplement Data Request ORA 71, Question 5 (Q.7 – Q.9)

QUESTION 7:

Based on the discussion and suggestions during the March 7 meeting, please see an updated copy of the spreadsheet provided in ORA 71, Question 5, including additional columns T, U, V, and W. Columns U, V, and W, ask for estimated costs of capacity, gas, or transportation of gas. Please confirm that there are no construction costs associated with the estimates asked about in columns U, V, and W. If there are construction costs associated with these columns, please identify them and explain the basis for them. To provide cost estimates requested under columns U, V, and W, please assume delivery of gas to the closest available receipt point or station to the source of gas. For example, in the case of Alternative A, "Proposed Project (Line 3602)", please assume delivery of gas to Rainbow compressor station. As another example, in the case of Alternative B, "Hydro test Alternative (Line 1600)", please assume delivery of gas to Rainbow compressor station. As another example, in the case of Alternative E, "Otay Mesa Alternative (Contractual-nonphysical)", please assume delivery of gas to the Otay Mesa receipt point. The only exception to the exercise should be for option F, "Otay Mesa Alternative". In this case, you may assume delivery of gas first to Ehrenberg, and then to Otay Mesa receipt point.

- a. In column "T", please provide the estimated "Construction Cost Estimates" associated with each alternative. Construction costs estimates for each alternative should be defined to only include a total of: 1) The costs of Engineering, Procurement and Construction; 2) Environmental and Regulatory costs; 3) Public/External Affairs costs; 4) Other Project Costs; 5) Allowance for Funds Used During Construction (AFUDC); and 6) Contingency. For contingency, please assume a 20 percent contingency. If there are any questions about the definitions of these terms, please use the same definitions used to determine the cost estimate provided in SDG&E's Application A.14-04-011, the Sycamore to Penasquitos 230 kV Transmission Line Project. The cost estimate and breakdown is available on page 3-5 of Section 3.0 of the Proponent's Environmental Assessment in A.14-04-011. Provide the basis for the estimated costs in response to this DR (not in the spreadsheet itself).
- b. In column "U", "Cost Estimate of Natural Gas (\$/MMbtu)", please provide the estimated costs associated with the cost (in \$ / MMbtu) of natural gas from the source to the receipt point Otay Mesa on the SoCalGas/SDG&E system. For example, tankers at the Energia Costa Azul Liquefied Natural Gas Terminal or gas received at Ehrenberg. In order to calculate costs for purposes of this exercise, please calculate the average cost of MMCFD at each city gate to Sempra's system. Provide the basis for the estimated costs in response to this DR (not in the spreadsheet itself).

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

RESPONSE 7:

N/A – Per email from Darryl Gruen on March 17, 2017, this data request question is superseded by ORA DR 78.

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

QUESTION 8:

ORA understands from SoCalGas/SDG&E that an RFP has not been permitted by the CPUC as of March 7, 2017. Please provide the materials provided to the CPUC and any correspondence or dates of follow up with the CPUC if no response has been received.

RESPONSE 8:

SDG&E and SoCalGas (Applicants) object that Question 8 calls for information related to an RFP deemed by the ALJ as not permitted in this proceeding as of March 7, 2017. SDG&E will not provide or distribute these materials without further direction from the assigned ALJ or Commissioner. Without waiving and subject to their objections, Applicants respond as follows:

On June 28, 2016 Applicants met with Energy Division staff and consultants, during which Applicants expressed concerns with providing an "opinion" about firm delivery of gas to SDG&E's Otay Mesa receipt point for a number of reasons. To begin, Applicants do not own or operate the gas transmission lines that would deliver gas to Otay Mesa under the Otay Mesa Alternatives. Applicants previously estimated the cost of delivering 400 MMcfd to Otay Mesa based on an estimated cost of constructing new pipeline facilities to expand the Mexico pipeline system, as it does not appear that 400 MMcfd of capacity would exist without expansion of the existing pipelines. However, Applicants do not know if the owners, operators, or other contracted users of such pipelines might be able to provide firm delivery of gas in smaller quantities for a period of time. Applicants expressed the concern at the June 28 meeting that Sempra affiliates own certain of the relevant pipelines and, given the Commission's rules on affiliate transactions, Applicants do not believe it is appropriate to contact such affiliates without specific Commission direction to do so.

Based on the discussion with Energy Division staff on June 28, Applicants prepared a draft Request for Proposals (RFP) for deliveries to the Otay Mesa receipt point for review and input by Commission management and Legal Division. Applicants asked Energy Division to confirm with Commission management and Legal Division that an RFP is necessary and appropriate for purposes of Energy Division's review process, and that the parameters included in the solicitation template will solicit the desired information.

As stated in SDGE-12 Supplemental Testimony of SDG&E and SoCalGas at 51, the RFP was briefly discussed at the Prehearing Conference (PHC) on September 22, 2016. Specifically, Administrative Law Judge (ALJ) Kersten acknowledged that "an RFP to explore multiyear firm capacity...[is] probably premature and tampering with the market. By going out there and asking for feedback is a way of influencing the market, and anything that may come back may not even be real because it's nonbinding." PHC Transcript at page 98, lines 10-16.

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

Applicants' position has been consistent with the views expressed by the ALJ during the PHC and Applicants would advise ORA that a Commission-authorized RFP issued strictly for informational purposes will probably not get the same consideration that an RFP issued under Commission authority with clearly stated requirements for its approval will.

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

QUESTION 9:

On page 40, lines 13-15 of the Supplemental Testimony, SoCalGas/SDG&E state, "Given the choice, SDG&E customers prefer gas delivered at Rainbow Station and have done so on a consistent basis since 2008 when the ECA to Otay Mesa and Blythe path went into service". With this quote in mind, please answer the following:

- a. Have customers indicated that they would prefer a pipeline costing approximately \$63 million per year of new backbone rates to gas delivered at the Otay Mesa receipt point? If so, please provide documentation showing this.
- b. Since the Otay Mesa receipt point was established, did any customers choose to ship through the Otay Mesa receipt point when:
- i. Line 3010 has been out of service?
- ii. Line 3010 has been curtailed?
- iii. Line 1600 has been out of service?
- iv. Line 1600 has been curtailed?
- v. Gas could not be delivered to Rainbow Station?
- c. For each "yes" answer in response to question 9b, please provide the following:
- Total number of customers who chose to ship for each occurrence since the Otay Mesa receipt point began operation. (For example, in the case of question 9bi, once the Otay Mesa receipt point began operation, the total number of customers who chose to ship when Line 3010 went out of service.)
- ii. Date of each occurrence. (For example, in the case of question 9bi, each date Line 3010 went out of service.)
- iii. Total number of customers who chose to ship in each occurrence. (For example, in the case of question 9bi, for each instance Line 3010 went out of service, how many customers chose to ship through Otay Mesa receipt point?)

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

RESPONSE 9:

a. SDG&E customers have not been presented with the cost of gas delivered at the Otay Mesa receipt point, and have expressed no opinion on whether that would be preferable to the cost of the PSRP.

b.

- i. Yes.
- ii. Yes, it is the same as (i).
- iii. No.
- iv. No.
- v. No.
- c. Below is a table showing the date of each Line 3010 curtailment/outage, number of shippers delivering gas to Otay Mesa during the outage, and the quantity delivered at Otay Mesa each day during the outage. Please note that each event was planned and noticed well in advance of the event during low throughput weekends in the fall shoulder months.
 - i. See table below.
 - ii. See table below.
 - iii. See table below. In most cases shippers covered multiple customers.

Start Date and Time	End Date and Time	Number of Otay Mesa Shippers	Quantity Delivered (MDth/day)
Oct 1, 2011 6AM	Oct 1, 2011 9PM	12	163
Oct 8, 2011 6AM	Oct 8, 2011 11PM	12	141
Oct 15, 2011 6AM	Oct 15,2011 11PM	12	153
Oct 22, 2011 6AM	Oct 22, 2011 9PM	12	152
Oct 29, 2011 6AM	Oct 30, 2011 4AM	12	181
Nov 5, 2011 6AM	Nov 5, 2011 1PM	12	223
Nov 12, 2011 6AM	Nov 12, 2011 10PM	14	189
Nov 19, 2011 6AM	Nov 19, 2011 8PM	13	189

PIPELINE SAFETY & RELIABILITY PROJECT (PSRP)

(A.15-09-013)

(DATA REQUEST ORA-74)

Date Requested: March 9, 2017 Date Responded: March 24, 2017

QUESTION 10:

Following the March 7 meeting, ORA has re-considered the titles of columns J and K. Rather than modifying these columns, ORA requests having separate columns X and Y. Columns X and Y are provided in the same attached spreadsheet that is referenced by Question 7 above. The Column titles and definitions for columns X and Y are provided in this question.

For column X with the title, "Time required for Alternative to Provide Gas during Outage of Moreno Compressor Station", this column title means the reasonable time that SG&E/SoCalGas operations team can manage to switch to another source of gas in the case of a Moreno Compressor Station unplanned outage (hrs.)

For column Y with the title, "Capacity that can be provided on Short Term (6 hours) During Line 3010 Outage, this column title means the capacity that can be provided during the short term (6 hrs.) for a Moreno Compressor Station unplanned outage.

RESPONSE 10:

This question was superseded by ORA DR 78 and will be responded to in that data request accordingly.