PIPELINE SAFETY & RELIABILITY PROJECT (PSRP) (A.15-09-013)

(1ST DATA REQUEST FROM THE SIERRA CLUB-SDG&E-01)

Date Requested: March 24, 2016 Date Responded: April 7, 2016

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 Sierra Club from Sierra Club's own files, from documents or information in Sierra Club's possession, or from documents or information that SDG&E and SoCalGas previously released to the public or produced to Sierra Club. 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 Sierra Club 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 Sierra Club'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:

Pursuant to Rule 3.1(k)(1)(B) and the January 22, 2016 Joint Ruling on the Amended Application, please provide Sierra Club with copies of summaries of all contracts for delivery and receipt of gas currently transported via Line 1600 and/or to be transported via the proposed Line 3602

RESPONSE 1:

SDG&E and SoCalGas object to this request on the grounds that it is not reasonably calculated to lead to the discovery of relevant evidence. Rule 3.1(k)(1)(B) does not require the Applicants to provide copies of summaries of its contracts to parties. Commission Rule 3.1(k)(1)(B) requires a gas utility to include in its application "[a] statement that copies of summaries of all contracts for delivery and receipt of gas to be transported via the proposed pipeline and information on the reserves and delivery life pertaining thereto will be made available for inspection on a **confidential basis by the Commission or other authorized employee thereof**. The terms and provisions of individual contracts for gas supply and data as to reserves or delivery life of individual gas suppliers shall not be required to be stated in the application or in the record of the proceedings, and if disclosed to the Commission or to any officer or employee of the Commission on a confidential basis as herein provided, shall not be made public or be open to public inspection." [Emphasis Added] SDG&E and SoCalGas further object to this question on the bases that the phrase "copies of summaries of all contracts" is vague, ambiguous, unclear and subject to speculation in interpretation.

Subject to and without waiving these objections, SDG&E and SoCalGas respond that they do not have any documents responsive to this question because no path specific contracts for the delivery or receipt of gas currently transported on Line 1600 exist. Below is SDG&E's standard tariff contract for noncore gas customers, Reference to Rule 30 for Gas Suppliers, Contracted Marketer Agreement form, and Request for Core Transportation-only services form.

SDG&E Customers electing noncore gas transportation service must have a completed and signed Request for Retail Noncore Gas Services Agreement (Form 142-1259). http://regarchive.sdge.com/tm2/pdf/GAS_GAS-SF_142-1259.pdf

SDG&E Gas Rule 30 describes the general terms and conditions applicable whenever the Utility System Operator transports customer-owned gas, including wholesale customers, Utility Gas Procurement Department, other end—use customers, aggregators, marketers, and storage customers gas over its system. Customers who wish to transport gas must sign the applicable agreements. http://regarchive.sdge.com/tm2/pdf/GAS_GAS-RULES_GRULE30.pdf

Contracted Marketer Agreement Form No. 143-1560: http://regarchive.sdge.com/tm2/pdf/GAS_GAS_SF 143-1560.pdf

Request For Core Transportation-Only Services" Agreement Form 142-1859: http://regarchive.sdge.com/tm2/pdf/GAS_GAS-SF_142-1859.pdf

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QUESTION 2:

What is the maximum capacity of Line 3010?

RESPONSE 2:

Please refer to footnote 10 on page 7 of the Prepared Direct Testimony of David M. Bisi in A.15-09-013. The nominal capacity of Line 3010 when operated as part of the SDG&E system is 530 MMcfd. When operated without Line 1600, its nominal capacity increases to 570 MMcfd.

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QUESTION 3:

Has the combined daily throughput of Line 1600 and Line 3010 identified in Appendix E of the Amended Application ever exceeded the maximum capacity of Line 3010?

RESPONSE 3:

Yes.

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QUESTION 4:

Page 40 of the March 21, 2016 Amendment to the CPCN Application provides a table titled "SDG&E Long-Term Demand Forecast" and identifies 1-in-35 Year and 1-in-10 Year Cold Day Demand through the 2035-2036 Operating Year.

- a. Do the demand forecasts in this table account for the increases in California's Renewables Portfolio Standard ("RPS") to 50 % by December 31, 2013 under Senate Bill ("SB") 350? If so, explain the extent to which the 50% RPS has impacted SDG&E's Long-Term Demand Forecast as compared to a 33% RPS assumption. If not, explain why the 50% RPS in not factored into SDG&E's Long-Term Demand Forecast.
- b. Do the demand forecasts in this table account for the cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end uses of retail customers by January 1, 2030 as required under SB 350? If so, explain the extent to which the doubling of energy efficiency savings impacted SDG&E's Long-Term Demand Forecast. If not, explain why the doubling of energy efficiency savings is not factored into SDG&E's Long-Term Demand Forecast.
- c. Do the demand forecasts in this table account for 100 percent renewable energy requirement by 2035 adopted in the City of San Diego Climate Action Plan?
- d. Do the 1-in-35 Year and 1-in-10 Cold Day Demand Forecasts account for any projected increase in winter temperatures as a result of climate change?
- e. Please state the SDG&E witness(es) responsible for these answers.

RESPONSE 4:

a. No. The demand forecast was completed prior to the adoption of SB 350. Please note that the need for the Proposed Project is not based on the long-term demand forecast. As stated in the Application and further explained in the Prepared Direct Testimony of Douglas Schneider, the Proposed Project is needed to: 1) enhance the safety of existing Line 1600 and modernize the system with state-of-the-art materials, 2) improve system reliability and resiliency by minimizing dependence on a single pipeline, and 3) enhance operational flexibility to manage stress conditions by increasing system capacity.

¹ A.15-09-013 Prepared Direct Testimony of David Bisi (March 21, 2016), pages 1-2. *See also* Application 15-09-013 filed on September 30, 2015 at pages 4-5 and Amended Application filed on March 21, 2016 at pages 4-6.

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b. No. Please see the above response to part a.

- c. No. The demand forecast was completed prior to the passage of the City of San Diego's Climate Action Plan.
- d. No. SDG&E has not detected any trend in the annual minimums of the average daily temperatures that underlie its 1-in-35 Year Cold Day and 1-in-10 Year Cold Day forecasts.
- e. SoCalGas' Rates and Demand Analysis Department provided the responses to this question.

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QUESTION 5:

Page 1:10 of the Prepared Testimony of David Bisi states that the Proposed Project will connect between the Rainbow Metering Station and "a tie-in point with Line 2010 on Marine Corps Air Station (MCAS) Miramar."

- i. What is the diameter of Line 2010?
- ii. What is the summer and winter capacity of Line 2010?

RESPONSE 5:

- i. Line 2010 is a 20-inch diameter pipeline.
- ii. The capacity of Line 2010 depends upon the overall system capacity and the local demand in the southeastern part of San Diego, and typically ranges from 200 300 MMcfd, with a maximum capacity of 400 MMcfd.

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QUESTION 6:

Page 2:16 of the Prepared Testimony of David Bisi states that "[a] large diameter pipeline extends from the cross-tie at Miramar to Santee."

a. Is the above referenced pipeline Line 2010? If not, please specify what pipeline is referenced in this statement.

RESPONSE 6:

Yes.

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QUESTION 7:

Page 2:17 of the Prepared Testimony of David Bisi states that "At Santee, another large diameter pipeline extends to the Otay Mesa metering station at the U.S./Mexico border."

- a. Please provide the name and diameter of this pipeline.
- b. What is the summer and winter capacity of this pipeline?

RESPONSE 7:

- a. Line 3600, a 36-inch diameter pipeline, and Line 3012, a 30-inch diameter pipeline, extend from Santee to the Otay Mesa metering station.
- b. The capacity of Line 3600 and Line 3012 depends upon the overall system capacity and the local demand in the southeastern part of San Diego, and typically ranges from 200 300 MMcfd, with a maximum capacity of 400 MMcfd.

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QUESTION 8:

Page 5:6-10 of the Prepared Testimony of David Bisi states "North of Escondido, a large noncore customer operates an electric generation (EG) peaking facility, and another EG peaking facility along with a gas turbine manufacturing and testing facility are located at the southern end of the pipeline."

a. Please identify the electric generation peaking facilities referred to in this sentence.

RESPONSE 8:

The EG facility north of Escondido is Orange Grove Energy, LP. The EG facility and manufacturing/testing facility at the southern end of Line 1600 are Cabrillo Power II, LLC – Kearny and Solar Turbines Inc., respectively.

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QUESTION 9:

Page 11 of the Prepared Testimony of David Bisi justifies a 36-inch diameter pipeline, rather than a smaller size, in part because the capacity "will be helpful operationally to respond in sudden changes in customer demand resulting from regularly-occurring losses of renewable sources (such as the sun setting on hot summer nights and the corresponding surge in gas-fired generation....)"

a. Assuming peak demand remains constant, explain how a larger pipeline is helpful in mitigating sudden changes to customer net demand though the course of the day as a result of changes in renewable generation.

RESPONSE 9:

A larger diameter pipeline provides more linepack capacity than a smaller diameter pipeline, which allows for greater operational flexibility in responding to intraday changes in customer demand. As the level of renewable energy sources increase, rapid and dramatic changes in natural gas demand are forecast to occur when renewable sources become unavailable at the end of the operating day.

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QUESTION 10:

Footnote 22 of page 12 of the Prepared Testimony of David Bisi lists expected retirements of fossil generation in San Diego County.

- a. What criteria were used to determine that the listed units are "expected" to retire?
- b. Please list all conventional generation units in San Diego County, their MW capacity, and commercial date of operation.
- c. To the extent any convention generation units in San Diego County have a commercial date of operation that is over 40 years old and are not included in the list of units expected to retire, explain why these units were not listed in footnote 22 as "expected" to retire.

RESPONSE 10:

- a. The following criteria were used to determine that the listed units are "expected" to retire: the California Independent System Operator local requirements, knowledge of new plant addition as that would allow older units to retire, land lease issues and Governmental permit requirements.
- b. See the attached.



c. SDG&E and SoCalGas do not have access to data regarding generation plant owners' plans for their facilities.

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QUESTION 11:

Page 14:12 on the Prepared Testimony of S. Ali Yari states that "peak electrical demand is projected to reach up to 5,372 MW in 2016 at an annual growth rate that varies, but typically is around 1 percent per year through 2025."

Does the above-stated peak demand and growth rate account for Additional Achievable Energy Efficiency (AAEE) identified by the California Energy Commission? If so, please state whether the low, mid of high AAEE scenario is assumed. If not, what is peak electric demand and annual growth rate through 2025 assuming a mid-case AAEE scenario.

RESPONSE 11:

The forecast cited by Mr. Yari was prepared and approved by the California Energy Commission (CEC) as part of the CEC's 2014 Integrated Energy Policy Report (IEPR). (See the "Commission Report, California Energy Demand Updated Forecast, 2015-2025" dated February, 2015.)² The year 2016 forecast peak demand of 5,372 MW was developed using the CEC's 1-year-in-2 "Mid Case Demand Baseline Forecast" of 4,818 MW (see Table 14 in the report) adjusted to a 1-year-in-10 condition using the CEC's 1.115 multiplier for the San Diego area. (4,818 MW x 1.115 = 5,372 MW)

The CEC's year 2025 1-year-in-2 "Mid Case Demand Baseline Forecast" is 5,246 MW. Adjusting to a 1year-in-10 condition yields a forecasted peak demand of 5,849 MW. (5,246 MW x 1.115 = 5,849 MW) The compound annual growth rate from 2016 through 2025 is therefore 0.9%, or "around 1 percent per year."

The CEC's "baseline" forecasts do not incorporate the impacts of the CEC's forecast of AAEE. Incorporating the forecast of AAEE yields the CEC's "managed" forecast of peak demand for the San Diego area. Using the CEC's forecast AAEE for their "Mid AAEE Scenario" (see Table 26 in the report)⁴ results in a year 2016 1-year-in-2 managed forecast peak demand of 4,705 MW. (4,818 MW – 113 MW = 4,705 MW) Adjusting for a 1-year-in-10 weather condition, the forecast managed peak demand for year 2016 would be 5,246 MW. (4,705 MW x 1.115 = 5,246 MW)

The corresponding managed 1-year-in-2 peak demand forecast for year 2025 would be 4,616 MW. (5,246 MW – 630 MW = 4,616 MW) Adjusting for a 1-year-in-10 weather condition, the forecast managed peak demand for year 2025 would be 5,147 MW. (4,616 MW x 1.115 = 5,147 MW) Using the CEC

² http://www.energy.ca.gov/2014publications/CEC-200-2014-009/CEC-200-2014-009-CMF.pdf

³ A description of the "baseline" and "managed" demand forecasts are provided in the February, 2015 CEC document entitled "Commission Report, California Energy Demand Updated Forecast, 2015-2016." (CEC-200-2014-009-CMF, page1, paragraphs 2 and 3 http://www.energy.ca.gov/2014publications/CEC-200-2014-009/CEC-200-2014-009-CMF.pdf

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forecasted mid-case AAEE Scenario; managed peak demand would essentially stay flat from 2016 through 2025 with a compound annual growth rate of approximately -0.2%.

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QUESTION 12:

Footnote 25 at page 15 of the Prepared Testimony of S. Ali Yari notes that a new demand forecast was issued by the CEC on January 27, 2016. Given that the Amended Application was filed on March 21, 2016, does SDG&E believe the adopted 2016-2026 forecast should replace the demand forecast assumptions cited in pages 14 and 15 of the testimony of S. Ali Yari. If not, explain why an older demand forecast should be relied upon.

RESPONSE 12:

SDG&E recognizes that new data is available. At the time that the assessments took place to support Mr. Yari's testimony, the most recent CEC forecast was used, which by now has been updated by the adopted 2016-2026 forecast. Although SDG&E encourages use of the latest forecast; it is also noted that there can be significant variations between forecasts. Therefore, forecasts should be perceived as estimates, not as facts. In that light, in the course of this proceeding SDG&E is agreeable to update its study based on the adopted forecast.

The following illustrates the potential differences between using the two forecasts:

Comparing the prior load forecast figure of 5,372MW with the 2,570 MW of customer load that could be served under a gas outage condition where no gas could be supplied to local gas-fired generation; the result is the need to drop as much as 2,802 MW of customer load.

Utilizing the updated Mid-Demand 1-in-10 Temperature forecasted 2016 load of 5,136 MW with the 2,570 MW of customer load that could be served under a gas outage condition where no gas could be supplied to local gas-fired generation; the result is the need to drop as much as 2,566 MW of customer load.

It is seen from the above illustration that while the magnitude of customer load dropped under the two scenarios differs by 236 MW; using either forecast leads to the same conclusion that electric customer load is highly dependent on a reliable gas supply. The gas outage risk to electric customers is a very real risk today; it will continue to be a very real risk in the future regardless of peak load forecast predictions or rate of load growth.

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QUESTION 13:

Confirm that the CEC reduced its estimate of 2016 peak demand from the 5,372 MW in the 2015-2025 Mid-Case Final Forecast (1-in-10 temperatures) cited in the Testimony of S. Ali Yari to 5,136 MW in the 2016-2026 Mid-Case Final Forecast for the SDG&E Planning Area.

RESPONSE 13:

SDG&E and SoCalGas confirm that the CEC reduced its estimate of 2016 peak demand in the 2016-2026 Mid-Case Final Forecast for the SDG&E Planning Area.

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QUESTION 14:

Confirm that the CEC reduced its estimate of 2025 peak demand from 5,850 MW in the 2015-2025 Mid-Case Final Forecast (1-in-10 temperatures) cited in the Testimony of S. Ali Yari to 5,247 MW in the 2016-2026 Mid-Case Final Forecast for the SDG&E Planning Area.

RESPONSE 14:

SDG&E and SoCalGas confirm that the CEC reduced its estimate of 2025 peak demand in the 2016-2026 Mid-Case Final Forecast for the SDG&E Planning Area.

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QUESTION 15:

Please confirm that the presentation slides attached hereto as Appendix A are a true and correct copy of the presentation slides prepared for Sempra Energy's March 27, 2014 Analyst Conference. If Appendix A is not a true and correct copy of presentation slides presented at Sempra Energy's March 27, 2014 Analyst Conference, please provide the presentation slides prepared for the Sempra Energy's March 27, 2014 Analyst Conference referenced at http://sempra.mediaroom.com/index.php?s=19080&item=136923.

RESPONSE 15:

SDG&E and SoCalGas confirm that Appendix A is a true and correct copy of the presentation slides prepared for Sempra Energy's March 27, 2014 Analyst Conference.