

TURN DATA REQUEST-028
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: MARCH 13, 2018
DATE RESPONDED: MARCH 27, 2018

1. In each of the decommissioning studies attached to Mr. Vanderbilt’s workpapers (SDG&E-34-WP, Vols. 1 and 2), the following table is presented for scrap metal prices:

Table 4-2 — Estimated Scrap Prices

	#1&2 mixed		aluminum	stainless
	steel	#1 copper		steel
July 1, 2016	185	1.95	0.45	0.55
August 1, 2016	185	1.94	0.46	0.57
September 1, 2016	184	1.97	0.47	0.55
3 Month Average 1	84.67	1.95	0.46	0.56

a. Please confirm that the web addresses below show the July, August, and September 2016 Scrap Metal Marketwatch publications cited in SDG&E’s decommissioning studies.

July: <http://americanrecycler.com/8568759/index.php/news/metalrecycling/1778-scrap-metals-marketwatch-716>

August: <http://americanrecycler.com/8568759/index.php/news/metalrecycling/1826-scrap-metals-marketwatch-816>

September: <http://americanrecycler.com/8568759/index.php/news/metalrecycling/1885-scrap-metals-marketwatch-916>

b. Please identify where the aluminum price in the decommissioning studies comes from, referencing the July, August, and September 2016 Scrap Metal Marketwatch publications or, if it is from some other source, the specific source.

c. Please explain why the stainless steel price in the decommissioning studies does not match that in the July, August, and September 2016 Scrap Metal Marketwatch publications.

SDG&E Response 01:

a. Yes, as of the date of this response, the web addresses provided by TURN in this Question 1(a) appear to show the July, August, and September 2016 Scrap Metal Marketwatch publications cited by the Sargent & Lundy, LLC (S&L) decommissioning studies provided in Exhibit SDG&E-34-WP-R (Revised Workpapers to the Prepared Direct Testimony of Matthew Vanderbilt).

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- b. The aluminum prices in the S&L decommissioning studies come from the referenced publications. After reviewing and comparing the aluminum prices in the July, August, and September 2016 Scrap Metal Marketwatch publications and comparing them with the information provided by S&L in each of their decommissioning studies, there is an error in Table 4-2: Estimated Scrap Prices in each of the S&L decommissioning studies provided in Exhibit SDG&E-34-WP-R. The headings for “Aluminum” and “Stainless Steel” should be switched. It appears this error is isolated to Table 4-2 of each of the S&L decommissioning studies and the actual computations in the studies are accurate. The prices should be as follows for aluminum:
- July 2016 is \$0.55/lb.
 - August 2016 is \$0.57/lb.
 - September 2016 is \$0.55/lb.
 - 3-month average is \$0.56/lb.
- c. The stainless steel prices in the S&L decommissioning studies come from the referenced publications. After reviewing and comparing the stainless steel prices in the July, August, and September 2016 Scrap Metal Marketwatch publications and comparing them with the information provided by S&L in each of their decommissioning studies, there is an error in Table 4-2: Estimated Scrap Prices in each of the S&L decommissioning studies provided in Exhibit SDG&E-34-WP-R. The headings for “Aluminum” and “Stainless Steel” should be switched. It appears this error is isolated to Table 4-2 of each of the S&L decommissioning studies and the actual computations in the studies are accurate. The prices should be as follows for stainless steel:
- July 2016 is \$0.45/lb.
 - August 2016 is \$0.46/lb.
 - September 2016 is \$0.47/lb.
 - 3-month average is \$0.46/lb.

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2. For each fossil power plant for which SDG&E presented a decommissioning study, please identify the number of tons of each metal assumed to be scrapped in the decommissioning study.

SDG&E Response 02:

a. Please refer to the S&L decommissioning studies provided in Exhibit SDG&E-34-WP-R.

Specifically:

- For Palomar Energy Center, please see pp. 380 – 388 of Exhibit SDG&E-34-WP-R.
- For Miramar Energy Facility, please see pp. 432 – 436 of Exhibit SDG&E-34-WP-R.
- For Cuyamaca Peak Energy Plant, please see pp. 480 – 483 of Exhibit SDG&E-34-WP-R.
- For Desert Star Energy Center, please see pp. 525 – 532 of Exhibit SDG&E-34-WP-R.

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3. At page 17 of SDG&E-34-R, with regard to the Desert Star Energy Center the testimony states, “As a single production site, SDG&E continues to utilize end-of-life accounting with a fixed decommissioning date based upon lease requirements.” Please provide a copy of the lease agreement that contains the “lease requirements” referred to in the testimony, and cite with specificity (by page and section number) each provision of the lease that discusses the decommissioning date.

SDG&E Response 03:

- a. The lease agreement is attached hereto as: “TURN-SEU-028_Attachment 1.”¹ Please refer to Sections 1.3, 2.10, 28.1, and 28.2 of the attached document for the lease requirements referred to in Exhibit SDG&E-34-R (Revised Prepared Direct Testimony of Matthew Vanderbilt).

Pursuant to Section 2.10 of the lease, the Tenant must remove all improvements from the leased premises “within one hundred eighty (180) days after (i) the expiration or earlier termination of this Lease or (ii) notice from Landlord given not later than one hundred (180) days after the expiration or termination of this Lease, whichever is later, as to that portion of the Leased Premises upon which Improvement to be removed is situated.” Commencement of decommissioning in mid-2026 is based on the requirement that removal of improvements is complete 180 days after expiration of the lease in April 2027. With an 18-month decommissioning schedule, work must begin in approximately mid-2026 to be complete 180 days after termination of the lease.

¹ Original effective date of the lease is April 30, 1997.

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4. At page 17 of SDG&E-34-R, with regard to the Desert Star Energy Center the testimony states, “Review of the DSEC lease and the decommissioning project schedule estimated by S&L necessitates a reduction of the decommissioning date to mid-2026.”

a. Please provide a copy of the DSEC lease referred to in the testimony, and cite with specificity (by page and section number) each provision that the testimony described as necessitating a reduction of the decommissioning date to mid-2026.

b. Is the “decommissioning project schedule estimated by S&L” anything other than the statement “18-month construction schedule” that appears under the heading “Project Schedule” on page 21 of the Sargent & Lundy decommissioning study for DSEC? If so, please identify with specificity (by page and section number) each passage of the Sargent & Lundy decommissioning study that addresses or describes the “decommissioning project schedule estimated by S&L.”

SDG&E Response 04:

a. Please refer to the response to Question 3 above.

b. No.

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5. The decommissioning study for the Desert Star Energy Center refers to a Group 1 and Group 2 benchmarking analysis (SDG&E-34-WP, Vol. 2, pp. 517-518).

a. Please confirm that the Benchmarking Peer Group Dataset that appears in Appendix C of the study (pp. 535-537 of the workpapers) is the “Group 1” benchmarking analysis. If SDG&E is unable to so confirm, please explain in detail what the dataset in Appendix C represents.

b. Is the data set for the “Group 2” benchmarking analysis provided in SDG&E’s workpapers? If so, please specify the volume and page number where this data set appears in the workpapers. If not, please provide that data set.

c. At page 518 of the workpapers, the study refers to three retired plants in Group 2. Please provide the identity of each of these retired plants and, to the extent available to SDG&E, the circumstances surrounding each plant’s retirement.

SDG&E Response 05:

- a. Yes, the Benchmarking Peer Group Dataset that appears in Appendix C of the Desert Star Energy Center decommissioning study (Exhibit SDG&E-34-WP-R at 535-537) is the “Group 1” benchmarking analysis.
- b. S&L did not attach the “Group 2” benchmarking analysis in Appendix C of the Desert Star Energy Center decommissioning study. With that said, the same “Group 2” benchmarking analysis was used in the S&L study prepared for Palomar Energy Center. Please see Appendix C of the Palomar Energy Center decommissioning study (Exhibit SDG&E-34-WP-R at 392-393) for the “Group 2” benchmarking analysis.
- c. SDG&E objects to this request on the grounds that it seeks information that is not within SDG&E’s knowledge, possession, custody or control, and thereby calls for speculation. The S&L decommissioning studies speak for themselves. Subject to and without waiving these objections, SDG&E responds as follows. S&L did not provide the identity of any of the referenced retired plants. This information was not provided to SDG&E as part of the decommissioning study. The S&L decommissioning study (Exhibit SDG&E-34-WP-R at 518) specifically states “it is not possible to determine the causes of retirement from the database” related to the three plants retired in Group 2.

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6. SDG&E’s testimony on depreciation parameters for electric production plant (SDG&E-34-R, pp. 15-18) refers in several instances to the statement, “considering the regional transition to renewable energy resources and other regulatory impacts in California, a reduction in estimated service life may be realistic” which appeared in the decommissioning studies performed by Sargent & Lundy.

a. Please provide all studies performed by or on behalf of SDG&E that address at least in part the risk that any of its fossil-fueled generation plants might be permanently taken out of service due to the “regional transition to renewable energy resources” as that phrase is used in SDG&E’s decommissioning studies and testimony.

b. Please provide all studies performed by or on behalf of SDG&E that address at least in part the risk that any of its fossil-fueled generation plants might be permanently taken out of service due to “other regulatory impacts in California” as that phrase is used in SDG&E’s decommissioning studies and testimony.

c. Please provide all internal documentation from SDG&E that has indicated to the utility’s management that any of its fossil-fueled generation plants might be permanently taken out of service due to the “regional transition to renewable energy resources” as that phrase is used in SDG&E’s decommissioning studies and testimony.

d. Please provide all internal documentation from SDG&E that has indicated to the utility’s management that any of its fossil-fueled generation plants might be permanently taken out of service due to “other regulatory impacts in California” as that phrase is used in SDG&E’s decommissioning studies and testimony.

e. Please identify and briefly describe each of the “other regulatory impacts” that Sargent & Lundy had in mind when it wrote the decommissioning studies that appear in SDG&E’s workpapers and were quoted from in SDG&E’s testimony.

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SDG&E Response 06:

- a. SDG&E objects to this request on the grounds that it is overbroad, unduly burdensome, and appears to seek information that is outside the scope of this proceeding, neither itself admissible in evidence nor appears reasonably calculated to lead to the discovery of admissible evidence. Further, SDG&E objects to this request on the grounds that it assumes facts not in evidence. The decommissioning studies were performed and written by S&L. The statement “considering the regional transition to renewable energy resources and other regulatory impacts in California, a reduction in estimated service life may be realistic” is an opinion of S&L provided in their decommissioning studies. Subject to and without waiving these objections, SDG&E responds as follows. After a reasonably diligent search, other than the S&L studies included in Exhibit SDG&E-34-WP-R, SDG&E is unaware of additional studies prepared by or on behalf of SDG&E related to the decommissioning of fossil-fuel generation.
- b. Please refer to the response to Question 6(a) above.
- c. SDG&E objects to this request on the grounds that it is overbroad, unduly burdensome, and appears to seek information that is outside the scope of this proceeding, neither itself admissible in evidence nor appears reasonably calculated to lead to the discovery of admissible evidence. Further, SDG&E objects to this request on the grounds that it assumes facts not in evidence. The decommissioning studies were performed and written by S&L. The statement “considering the regional transition to renewable energy resources and other regulatory impacts in California, a reduction in estimated service life may be realistic” is an opinion of S&L provided in their decommissioning studies.
- d. Please refer to the response to Question 6(c) above.
- e. SDG&E objects to this request on the grounds that it seeks information that is not within SDG&E’s knowledge, possession, custody or control, and thereby calls for speculation. The S&L decommissioning studies speak for themselves.