

Company: Southern California Gas Company (U904G)  
Proceeding: 2019 General Rate Case  
Application: A.17-10-007/-008 (cons.)  
Exhibit: SCG-213

**SOCALGAS**

**REBUTTAL TESTIMONY OF DEVIN K. ZORNIZER**

**(GAS CONTROL AND SYSTEM OPERATIONS/PLANNING)**

**JUNE 18, 2018**

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**





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**SOCALGAS REBUTTAL TESTIMONY OF Devin Zornizer  
(Gas Control and System Operations/Planning)**

**I. SUMMARY OF DIFFERENCES**

<b>TOTAL O&amp;M - Constant 2016 (\$000)</b>			
	<b>Base Year 2016</b>	<b>Test Year 2019</b>	<b>Change</b>
SOCALGAS/SDG&E	<b>6,027</b>	<b>8,958</b>	<b>2,931</b>
ORA	<b>6,027</b>	<b>7,287</b>	<b>1,260</b>

<b>TOTAL NON-SHARED O&amp;M - Constant 2016 (\$000)</b>			
	<b>Base Year 2016</b>	<b>Test Year 2019</b>	<b>Change</b>
SoCalGas	<b>786</b>	<b>2,972</b>	<b>2,186</b>
ORA	<b>786</b>	<b>1,301</b>	<b>515</b>

<b>TOTAL SHARED O&amp;M - Constant 2016 (\$000)</b>			
	<b>Base Year 2016</b>	<b>Test Year 2019</b>	<b>Change</b>
SoCalGas	<b>5,241</b>	<b>5,986</b>	<b>745</b>
ORA	<b>5,241</b>	<b>5,986</b>	<b>745</b>

**II. INTRODUCTION**

This rebuttal testimony regarding SoCalGas' request for Gas Control & System Operations / Planning addresses the following testimony from other parties:<sup>1</sup>

- The Office of Ratepayer Advocates (ORA) as submitted by Ms. Dao Phan (Exhibit ORA-11), dated April 13, 2018.
- The Southern California Generation Coalition (SCGC) as submitted by Ms. Catherine Yap (Exhibit SCGC), dated May 14, 2018.
- The Utility Reform Network (TURN), as submitted by Mr. Eric Borden (Exhibit TURN-01), dated May 14, 2018.

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<sup>1</sup> As a preliminary matter, the absence of a response to any particular issue in this rebuttal testimony does not imply or constitute agreement by SoCalGas with the proposal or contention made by these or other parties. The forecasts contained in SoCalGas' direct testimony, performed at the project level, are based on sound estimates of its revenue requirements at the time of testimony preparation.

- 1           •       The Environmental Defense Fund (EDF), as submitted by Mr. Greg  
2                    Lander (Exhibit EDF-01), dated May 14, 2018.

3           The following briefly summarizes the proposals made by other parties, immediately  
4 below. A more complete discussion is contained in Section III, below.

5           **A.     ORA**

6           The Office of Ratepayer Advocate (ORA) submitted testimony on SoCalGas – Gas  
7 Distribution and Gas Control & System Operations/Planning on April 13, 2018.<sup>2</sup> ORA does not  
8 dispute SoCalGas’ forecast for (1) Non-shared Storage Products Manager; (2) Energy Markets &  
9 Capacity Products; (3) Gas Scheduling; (4) Gas Transmission Planning; and (5) Gas Control &  
10 SCADA Operations.

11           The following is a summary of ORA’s disputed positions:

12           **O&M: Non-Shared Services**

13           ORA disagrees with SoCalGas’ TY 2019 forecast for Emergency Services in the amount  
14 of \$2.816 million for TY2019. ORA recommends the funding request be lowered to  
15 \$1.145 million.<sup>3</sup>

16           **Physical Relocation of Gas Control Facility**<sup>4</sup>

17           ORA does not contest the justification for the project but does not agree with the  
18 estimated date for the facility relocation.<sup>5</sup>

19           **Operational Flow Cost Memorandum Account (OFCMA)**<sup>6</sup>

20           ORA does not dispute the reasonableness of the capital costs associated with the revenue  
21 requirement recorded in the OFCMA in the amount of \$1.696 million at the end of 2017.

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<sup>2</sup> April 13, 2018, ORA Report on SoCalGas – Gas Distribution and Gas Control & System Operations/Planning, Exhibit ORA-11 (Dao Phan).

<sup>3</sup> *Id.* at 87.

<sup>4</sup> *Id.* at 94.

<sup>5</sup> April 13, 2018, ORA Report on SCG – Supply Management & Logistics and Supplier Diversity; Fleet Services; Real Estate, Land Services and Facilities; and Environmental Services, Exhibit ORA-19 (L. Mark Waterworth) at 24-25.

<sup>6</sup> Ex. ORA-11 (Phan) at 91-92. 6.

1           However, ORA recommends normalizing the costs over 2018 and 2019 “to provide for a  
2           gradual increase in rates.”<sup>7</sup>

3           **B.     SCGC**

4           SCGC submitted testimony on May 14, 2018.<sup>8</sup> The following is a summary of SCGC’s  
5           position:

6           **ENVOY® - Automated Trading of Scheduled Daily Quantities**

7           SCGC proposes that SoCalGas be authorized to spend an additional \$1 million in 2019 to  
8           incorporate the trading of Daily Scheduled Quantities into ENVOY’s electronic bulletin  
9           board system once the upgrading of its Microservice Architecture is completed in 2019.<sup>9</sup>

10          **C.     TURN**

11          The Utility Reform Network (TURN) submitted testimony on May 14, 2018.<sup>10</sup> The  
12          following is a summary of TURN’s position:

13          **Distribution Operations Control Center (DOCC)**

14          TURN recommends the DOCC project be disallowed, and that SoCalGas should  
15          provide the following:

- 16                 •     Quantify the expected safety benefits of the project
- 17                 •     Present the project and other alternatives on a risk-spend efficiency
- 18                 •     basis
- 19                 •     Evaluate PG&E’s DOCC for safety and risk benefits<sup>11</sup>

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<sup>7</sup> *Id.* at 92.

<sup>8</sup> May 14, 2018, Direct Testimony of Catherine E. Yap Addressing Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2019, on behalf of the Southern California Generation Coalition [SCGC], Exhibit SCGC (Yap).

<sup>9</sup> *Id.* at 2.

<sup>10</sup> May 14, 2018, Prepared Direct Testimony of Eric Borden Addressing San Diego Gas & Electric Company and Southern California Gas Company in Their Test Year 2019 General Rate Case Related to Electric Distribution Capital, Gas Transmission Operation, Gas Major Projects, Cash Working Capital, and Customer Forecast, on behalf of The Utility Reform Network [TURN], Exhibit TURN-01 (Borden).

<sup>11</sup> *Id.* at 44.

1 **D. EDF**

2 The Environmental Defense Fund (EDF) submitted testimony on May 14, 2018.<sup>12</sup> The  
3 following EDF proposals will be discussed in this rebuttal testimony:

- 4 • SoCalGas to establish a “Facilities Sufficiency Group” made up of  
5 SoCalGas Staff, Commission staff, Core Transport Agents (CTAs),  
6 Suppliers, Electric Generators, and Environmental organizations.<sup>13</sup>
- 7 • SoCalGas to enable day after flow imbalance trading via an  
8 automated imbalance trading capability.<sup>14</sup>
- 9 • SoCalGas to shift requested dollars (SCG AMO 2019 forecast) to a  
10 risk mitigation strategy related to Gas Electric Coordination (GEC)  
11 planning.<sup>15</sup>

12  
13 **III. REBUTTAL TO PARTIES’ O&M PROPOSALS**

14 **A. Non-Shared Services O&M**

<b>NON-SHARED O&amp;M - Constant 2016 (\$000)</b>			
	<b>Base Year 2016</b>	<b>Test Year 2019</b>	<b>Change</b>
SoCalGas	<b>786</b>	<b>2,972</b>	<b>2,186</b>
ORA	<b>786</b>	<b>1,301</b>	<b>515</b>

15  
16 **1. ORA Disputed Cost**

17 **a. SoCalGas Emergency Services**

18 SoCalGas requested a total of \$2.816 million to support SoCalGas Emergency Services’  
19 costs and underlying activities. This represents an increase of \$2.176 million from 2016  
20 recorded amounts. The increase is related to SoCalGas’ incremental request for 13 positions  
21 above the current (\$1.151 million) for non-labor costs including costs associated with the

<sup>12</sup> May 14, 2018, Expert Testimony of Gregory Lander Addressing Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2019 and Application of Southern California Gas Company (U 338-E) for Approval of its 2017 Transportation Electrification Proposals, on behalf of Environmental Defense Fund [EDF], Exhibit EDF-01 (Greg Lander).

<sup>13</sup> *Id.* at 5.

<sup>14</sup> *Id.* at 13, 16.

<sup>15</sup> *Id.* at 21.

1 planning and execution of company-wide, full-scale emergency preparedness functional  
2 exercises (\$1.024 million).<sup>16</sup>

3 ORA disagrees with SoCalGas' request and recommends \$1.145 million for TY2019,  
4 which is \$1.670 less than SoCalGas' request. ORA relies on historical spending to support its  
5 recommendation premised on three arguments:

6 (1) *Increasing the workforce*: SoCalGas did not provide adequate support for its expense  
7 given that SoCalGas' historic spending ranged from \$640,000 to \$905,000 and  
8 SoCalGas' historical annual expenses for SoCalGas Emergency Services has been  
9 trending downward;<sup>17</sup>

10 (2) *General Order (GO) 112-F*: SoCalGas has been able to meet GO 112-F obligations  
11 with existing funding.<sup>18</sup>

12 (3) *2017 Recorded Cost*: SoCalGas' 2017 recorded costs accurately reflect the level of  
13 FTEs needed to support SoCalGas Emergency Services-related activities and they are  
14 "adequate for the work activities in Emergency Services."<sup>19</sup>

15 SoCalGas disagrees with ORA's arguments because they do not reflect: (1) costs that are  
16 driven by safety mitigation activities supported in SoCalGas and SDG&E's November 30, 2016  
17 Risk Assessment Mitigation Phase (RAMP) Report<sup>20</sup> and presented in the direct testimony of  
18 Devin Zornizer on Gas Control and System Operations/Planning (Exhibit SCG-13), (2) the need  
19 for additional first responder training and enhanced emergency response associated with  
20 significant prolonged and recurring Southern California wildfires and related natural disasters,  
21 and (3) SoCalGas' requirements associated with corrective actions and recommendations from  
22 agency audits. These are described in greater detail below.

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<sup>16</sup> ORA-SCG-DR-089-DAO, Question 1, attached as Appendix A.

<sup>17</sup> Ex. ORA-11 (Phan) at 87.

<sup>18</sup> *Id.* at 88.

<sup>19</sup> *Id.* at 89.

<sup>20</sup> Investigation (I.) 16-10-016 Risk Assessment and Mitigation Phase Report of San Diego Gas & Electric Company and Southern California Gas Company (November 30, 2016). For more details regarding the utilities' RAMP Report, see Revised Direct Testimony of Diana Day on Risk Management, Exhibit SCG-02-R/SDG&E-02-R, Chapter 1 (Day); Direct Testimony of Jamie York on RAMP to GRC Integration, Exhibit SCG-02-R/SDG&E-02-R, Chapter 3 (York).





1 to the Mexican border -- which covers approximately 12 counties, 220 incorporated cities and  
2 over 200 police and fire agencies and over 7,000 employees.

3 SoCalGas' Emergency Services is on call twenty-four hours a day, seven days a week,  
4 three hundred and sixty-five days of the year. Over the past several years, the prevalence of  
5 extreme weather has increased emergency response needs. For example, in 2015, the Lake Fire  
6 in San Bernardino County destroyed 31,359 acres while in 2016 the Sherpa Fire destroyed 7,474  
7 acres in Santa Barbara County. Most recently, in late 2017, the Thomas Fire destroyed 281,893  
8 acres in Santa Barbara and Ventura County which was followed by the devastating Montecito  
9 mudslides early this year. Further, recent studies conducted by University of California Los  
10 Angeles stated that "[California] will experience a much greater number of extremely wet and  
11 extremely dry weather seasons — especially wet — by the end of the century."<sup>28</sup> Furthermore,  
12 the Commission in other proceedings has recognized California's year-long wildfire season as  
13 the need for disaster relief efforts.<sup>29</sup> During these activations, SoCalGas Emergency Services  
14 department plays a critical role in executing and managing the incident command structure  
15 (ICS).

16 In 2016, SoCalGas Emergency Services group only had only one director and five  
17 employees to manage all of emergency preparedness and response programs for the SoCalGas  
18 service territory.<sup>30</sup> In the event of an incident or activation of one of our emergency operations  
19 centers, resources are diverted to support the incident which can delay the execution of  
20 emergency preparedness and recovery programs (e.g., training), and introduces employee fatigue  
21 (especially for incidents lasting extended periods) due to the limited number of resources within  
22 the department. In response to these pressures, SoCalGas restructured the department in 2017  
23 into four key groups: 1) Core Emergency Operations Center Operations; 2) Emergency  
24 Preparedness & Response Advancement Program; 3) Regulatory Compliance, Communications,

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<sup>28</sup> Colgan, David, *Study Forecasts a Severe Climate Future for California* (April 23, 2018) UCLA Newsroom, available at <http://newsroom.ucla.edu/releases/california-extreme-climate-future-ucla-study>.

<sup>29</sup> Rulemaking (R.) 18-03-011, Email Ruling Suspending Order Instituting Rulemaking Schedule (dated May 14, 2018) at 3.

<sup>30</sup> SoCalGas previously provided ORA its Staffing Assignment Forecast that indicated the number of positions needed to sustain and support SoCalGas' emergency preparedness and response and recovery business needs.<sup>30</sup> ORA-SCG-DR-089-DAO, question 1 attached as Appendix A.

1 Stakeholder Outreach, and Training Program; and 4) Enterprise Planning, Technology  
2 Advancement & Training Program Development Program. The restructuring allows SoCalGas  
3 to mitigate employee fatigue and maintain critical business operations while multiple incidents  
4 and EOC activations are being managed.

5 **(3) SoCalGas Emergency Services Proposes These FTEs to**  
6 **Implement Corrective Actions and Recommendations**  
7 **Made by Governmental Agencies.**

8 ORA's approach does not account for incremental responsibilities associated with having  
9 to comply with safety related corrective actions and recommendations made by other  
10 governmental agencies that align with RAMP mitigation activities. In 2016, the Safety  
11 Enforcement Division (SED) of California Public Utilities Commission conducted a General  
12 Order 112 Inspection of SoCalGas Gas Emergency Management Program. The inspection  
13 identified process improvements needed to SoCalGas' first responder outreach program and our  
14 emergency exercises program.<sup>31</sup> SED concluded that SoCalGas did not demonstrate sufficient  
15 outreach with law enforcement and did not coordinate with first responders and other appropriate  
16 public officials on emergency exercises or drills throughout its service territory (see  
17 Appendix B). In addition, SED recommended that SoCalGas enhance the frequency it performs  
18 emergency preparedness and response exercises and regularly coordinate with first responders  
19 and appropriate public official on these trainings.<sup>32</sup>

20 The incremental positions requested by SoCalGas Emergency Services will allow it to  
21 meet SED recommendations noted above by strategically allocating resources to support  
22 coordinating and conducting first responder training and exercises within a specific region in  
23 SoCalGas service territory. The incremental positions requested will support and deploy  
24 emergency preparedness and recovery training of SoCalGas responders, and includes conducting  
25 critical tabletop exercises and drills.

26 SoCalGas's funding request for a third-party vendor to support the development and  
27 implementation of three annual system-wide emergency preparedness and response exercise

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<sup>31</sup> Lee, Dennis, SED Closure Letter for the General Order (G.O.) 112 Inspection of Southern California Gas Company's Emergency Management Program (Aug. 15, 2017), attached as Appendix B.

<sup>32</sup> *Id.*

1 programs (with physical field response, monitoring, and post exercise assessments) enhances  
2 safety mitigation. The scope and objective of the annual system-wide emergency exercise  
3 program will consist of a series of emergency exercises that will vary in scope and complexity  
4 and test how SoCalGas communicates with first responders and how both parties respond to  
5 emergency incidents. ORA's recommendation would undermine SoCalGas' ability to conduct  
6 these training exercise program enhancements and to provide the positions needed to support  
7 system-wide emergency exercises.

8 Additionally, in 2016, SoCalGas was cited by California Division of Occupational Safety  
9 and Health department for failure to ensure that the Incident Commander (IC) was trained to the  
10 first responders operations level, and to certify that the IC knew how to implement the  
11 employer's Incident Command System.<sup>33</sup> Historically, SoCalGas has not required employees to  
12 be certified as cited by California Division of Occupational Safety and Health department, rather  
13 SoCalGas responders were provided specific role training and included an overview of SoCalGas  
14 emergency management process and procedures and resources. In response to the California  
15 Division of Occupational Safety and Health citation, SoCalGas, for example, began enhancing  
16 the emergency response training program in late 2017, by launching a program requiring  
17 SoCalGas responders to take Federal Emergency Management Agency's Introduction to Incident  
18 Command System (ICS-100) and ICS for Single Resources and Initial Action Incidents (ICS  
19 200) courses and obtain their certification. This is a new requirement, applied company-wide to  
20 all SoCalGas emergency responders. The incremental FTEs will allow SoCalGas to monitor and  
21 administer these trainings.

22 Additionally, the 13<sup>34</sup> incremental positions will support the roll-out of the new WebEOC  
23 application (SoCalGas' Incident Tracking and Management System) to over 2,000 employees,  
24 which will be in place in the beginning of 2019 as referenced in the testimony and workpapers of

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<sup>33</sup> Occupational Safety and Health, Inspection 1111741.015, Violation Item #4, Citation 02001. Standard 5192(Q)(6)(E), United States Department of Labor (Issued June 10, 2016), *available at* [https://www.osha.gov/pls/imis/establishment.inspection\\_detail?id=1111741.015](https://www.osha.gov/pls/imis/establishment.inspection_detail?id=1111741.015).

<sup>34</sup> ORA-SCG-DR-089-DAO, Question1C, attached as Appendix A.

1 Mr. Christopher Olmsted (Exhibit SCG-26)<sup>35</sup> and RAMP filing.<sup>36</sup> The new WebEOC  
2 application will also include a first responder portal to better facilitate communication between  
3 first responders and SoCalGas. These positions will review and provide content for the first  
4 responder portal.

5 **b. Operational Flow Cost Memorandum Account**

6 ORA does not dispute the reasonableness of the capital costs associated with revenue  
7 requirements recorded in the Operational Flow Cost Memorandum Account (OFCMA). The  
8 OFCMA recorded \$1.696 million at the end of 2017. While ORA does not dispute the amount,  
9 ORA recommends normalizing the costs over 2018 and 2019 “to provide for a gradual increase  
10 in rates.”<sup>37</sup> The response to this recommendation is contained in Exhibit SCG-242, Rebuttal  
11 Testimony of Rae Marie Yu on Regulatory Accounts.

12 **c. Physical Relocation of Gas Control Facility: Fleet Services and**  
13 **Facility Operation**

14 ORA does not contest the justification for the project but disagrees with the estimated  
15 date for the facility relocation.<sup>38</sup> The estimated date for the relocation, and facility relocation  
16 costs are discussed in Exhibit SCG-223, Rebuttal Testimony of Carmen Herrera on Fleet  
17 Services and Facilities Operations.

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<sup>35</sup> October 6, 2017, Direct Testimony of Christopher R. Olmsted on Information Technology, Exhibit SCG-16 (Olmsted) at CRO-8 and October 2017, Capital Workpapers to Prepared Direct Testimony of Christopher R. Olmsted, on behalf of Southern California Gas Company, Exhibit SCG-26-CWP (Olmsted) at 266.

<sup>36</sup> I.16-10-016 Risk Assessment and Mitigation Phase Report of San Diego Gas & Electric Company and Southern California Gas Company (November 30, 2016). For more details regarding the utilities’ RAMP Report, see Revised Direct Testimony of Diana Day on Risk Management, Exhibit SCG-02-R/SDG&E-02-R, Chapter 1 (Day); Direct Testimony of Jamie York on RAMP to GRC Integration, Exhibit SCG-02-R/SDG&E-02-R, Chapter 3 (York).

<sup>37</sup> Ex. ORA-11 (Phan) at 92.

<sup>38</sup> Ex. ORA-19 (Waterworth) at 24.



1 a top priority.<sup>43</sup> Safety is the priority before market risk and that is where SoCalGas focuses its  
2 efforts. This is explained in more specific detail in the testimony of Ms. Diana Day (Exhibit  
3 SCG-02-R.

4 Regarding the operational risk, what EDF proposes is already being addressed within  
5 RAMP, and dollars are already identified as they were in my direct testimony. RAMP Chapter  
6 SCG-4 already addresses how operational risk is mitigated by operating the transmission system  
7 in a real-time control room environment, providing a centralized and holistic view of system  
8 health, and where the remote monitoring and operation of valves, compressor stations, pressure  
9 regulation equipment, and gas flow across the system enables Controllers to acknowledge, react  
10 and respond to both normal and abnormal operating conditions.<sup>44</sup>

11 EDF's proposal seems premised on a belief that there is no coordination between  
12 SoCalGas and the electric grid operators in Southern California and accordingly, proposes GEC.  
13 However, the exact opposite is true; SoCalGas and SDG&E have been committed to work with  
14 the grid operators, primarily CAISO and LADWP, on a regular basis beginning with the  
15 Southwest Cold Weather Event of February 2011.<sup>45</sup> Since then, SoCalGas has worked with  
16 CAISO daily, and LADWP when required, at the operational level to keep each other apprised of  
17 expected usage, scheduled and emergency outages that impact the reliability of the respective gas  
18 and electric operating systems. Since 2015, the level of operational gas-electric coordination has  
19 increased between SoCalGas and the balancing authorities. SoCalGas also meets with CAISO  
20 and LADWP management on a semi-annual basis to address longer term issues potentially  
21 affecting reliability.<sup>46</sup> SoCalGas and SDG&E have developed Low OFO and EFO procedures  
22 and revised its curtailment rules in part to better address the requirements of the electric grid

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<sup>43</sup> Ex. SCG-02-R, Chapter 1 (Day) at DD-4.

<sup>44</sup> Ex. SCG-13 (Zornizer) at DKZ-11.

<sup>45</sup> See e.g., SoCalGas' Response to Energy Division Data Request Questions 1 and 2, Dated February 8, 2016, attached to Appendix C; SoCalGas Rule No. 4 at Sheet 9, available at <https://www.socalgas.com/regulatory/tariffs/tm2/pdf/41.pdf>.

<sup>46</sup> See 30-Day Aliso Canyon Withdrawal Report Response Dated April 3, 2018, available at [http://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/Safety/Aliso%20WD%2030\\_Day%20Report\\_Public%20Version.pdf](http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Safety/Aliso%20WD%2030_Day%20Report_Public%20Version.pdf).

1 operators who control the dispatch of electric generators who are the lowest priority customers  
2 on the SoCalGas system.<sup>47</sup> EDF's proposal is unnecessary and inefficient.

3 **c. Require SoCalGas to establish a "Facilities Sufficiency Group"**  
4 **(FSG) made up of SCG Staff, Commission staff, CTAs,**  
5 **Suppliers, Electric Generators, and Environmental**  
6 **organizations.**

7 EDF proposes the creation of a "Facilities Sufficiency Group" ("FSG"), composed of  
8 "representatives from SCG including senior members of its Engineering, Gas Control,  
9 Regulatory and Environmental staffs, plus senior Commission staff (including Engineering,  
10 Rates and facilities review staff; as well as stakeholder representatives from UPGD [sic][Utility  
11 Gas Procurement Department], CTAs, Suppliers (including CA producers), Electric Generators,  
12 and Environmental organizations."<sup>48</sup> EDF defines the purpose of the FSG as "to address current  
13 and potentially future shortfalls of capacity from the California border along the BTS [Backbone  
14 Transmission System] to the SCG load centers (SoCal Citygate) and the sufficiency and optimal  
15 use of SCG's storage assets."<sup>49</sup> Additionally, EDF asserts that the FSG "should ensure the  
16 maximum availability of intrastate capacity and should develop plans for ensuring that interstate  
17 deliverability to the SCG BTS be 'matched' by sufficient BTS capability to compensate for the  
18 potential reduction in deliverability associated with Aliso Canyon"<sup>50</sup> as part of the FSG's  
19 responsibility for "planning for the possible closure of the Aliso Canyon Facility."<sup>51</sup> Finally,  
20 EDF asserts the FSG should "examine the potential for Gas Demand Response (GDR) to be a  
21 component that could be a market-oriented program that could contribute to reliability and  
22 resiliency of the SCG System."<sup>52</sup>

23 As a preliminary observation, this proposal is the kind that is addressed in a cost  
24 allocation proceeding and not a GRC. As a GRC cost witness in this proceeding, the testimony

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<sup>47</sup> See D.16-07-008 (Curtailement Procedures Settlement Final Decision); D.16-06-021 and D.16-12-015 (First and Second Daily Balancing Settlement Final Decisions, respectively).

<sup>48</sup> Ex. EDF-01 (Lander) at 5.

<sup>49</sup> *Id.* at 22.

<sup>50</sup> *Id.* at 23.

<sup>51</sup> *Id.*

<sup>52</sup> *Id.* at 24.

1 supports the forecasted costs and is not intended to analyze, validate, or opine on EDF's  
2 proposals. If EDF wishes to raise these issues in the upcoming Triennial Cost Allocation  
3 Proceeding (TCAP), this is the proceeding where SoCalGas (and other parties) can better address  
4 them. SoCalGas anticipates filing its TCAP application in July.

5 Aside from being within scope of TCAP, the creation of a FSG would replace existing  
6 policies and systems ordered by the Commission; would be unlikely to meet any of the  
7 objectives stated by EDF; and introduces concerns for potential market manipulation.

8 EDF envisions this group to be responsible for the long-term planning and design of the  
9 SoCalGas and SDG&E gas transmission system. This is a function that the Commission has  
10 performed. In D.06-09-039, the Commission established design standards for the gas  
11 transmission system covering service to both core and noncore customers; for determining the  
12 proper level of receipt capacity that should be maintained – including a level of excess or “slack”  
13 receipt capacity; and mandating the integration of storage capacity in the design process.<sup>53</sup>

14 These design standards apply to SoCalGas and SDG&E (as well as Pacific Gas & Electric  
15 Company (PG&E)), and the Commission charged SoCalGas and SDG&E with the responsibility  
16 to comply with these standards.

17 Regarding the group's purpose towards Aliso Canyon, the Commission's evaluation is  
18 underway. As required by Senate Bill (SB) 380, the Commission opened “a proceeding to  
19 determine the feasibility of minimizing or eliminating use of the Aliso Canyon natural gas  
20 storage facility located in the County of Los Angeles while still maintaining energy and electric  
21 reliability for the region.”<sup>54</sup> This proceeding is in progress, with many (if not all) of the  
22 participants identified by EDF for their group as active parties, making EDF's group redundant.

23 EDF's request for an “analysis” on the “sufficient” level of storage<sup>55</sup> is redundant with  
24 the SB 380 proceeding, and the type of proposal that is considered in the SoCalGas/SDG&E  
25 TCAP. The gas system including gas storage in southern California has unique qualities and

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<sup>53</sup> D.06-09-036 at 184-95 (Ordering Paragraphs 1-6).

<sup>54</sup> See I.17-02-002, Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region (issued February 17, 2017).

<sup>55</sup> Ex. EDF-01 (Lander) at 23-24.

1 characteristics which prevents it from being wholly comparable to other gas storage systems in  
2 different parts of the country, or even a different part of California. Factors, such as how a  
3 system is designed, where the customer demand centers are relative to the pipeline supplies, and  
4 how the storage facilities perform, are more appropriate design parameters than a “customer  
5 base”.

6 SoCalGas notes that D.09-11-006 and SoCalGas Rule No. 41 provide another means for  
7 interested parties to review potential additional tools to support system operations and potential  
8 system improvements to reduce or eliminate the need for any minimum flowing supply  
9 requirements via the Utility Customer Forum. This type of process is lacking in EDF’s proposal,  
10 and as previously mentioned is better addressed in the TCAP application which is where changes  
11 to Rule 41 typically originate.

12 The FSG proposal could result in the increased risk of disclosure of non-public  
13 information being shared with market participants to the potential detriment of ratepayers. Some  
14 of the topics outlined by EDF as responsibilities for the group, such as “potentially future  
15 shortfalls of capacity from the California border along the BTS,”<sup>56</sup> are not public information.  
16 SoCalGas is careful in posting outage notices on its ENVOY EBB only after its assessments  
17 confirm that an outage is necessary. This practice is followed in order to avoid unnecessary  
18 upsets in the gas supply and transportation markets, provide all impacted parties with the same  
19 information at the same time, and to minimize any manipulation in these markets that may result.  
20 EDF has not presented information that describes how the FSG would protect against disclosure  
21 of non-public information and how the disclosure of information would be disseminated without  
22 discrimination to the market participants.

23 The historical experience of the Gas Demand Response programs is another data point  
24 for the Commission’s consideration when it comes to developing more programs using and  
25 verified with AMI data. The Gas Demand Response programs implemented during the winter  
26 2017-18 season have had minimal effectiveness, as documented in the Commission’s March 13,  
27 2018 reply letter to Senator Stern.<sup>57</sup> It remains uncertain whether residential gas customers have

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<sup>56</sup> *Id.* at 22.

<sup>57</sup> CPUC Energy Division Reply Letter to Sen. Stern dated March 13, 2018 available at  
[http://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/Safety/Untitled\\_03132018\\_14571](http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Safety/Untitled_03132018_14571)

1 the desire and capability to reduce usage enough for any current gas demand program to be  
2 effective. This raises questions as to whether it is reasonable to incur costs to modify the AMI  
3 infrastructure for this purpose without further experience and data.

4 **B. Shared Services O&M**

<b>SHARED O&amp;M - Constant 2016 (\$000)</b>			
	<b>Base Year 2016</b>	<b>Test Year 2019</b>	<b>Change</b>
SoCalGas	<b>5,241</b>	<b>5,986</b>	<b>745</b>
ORA	<b>5,241</b>	<b>5,986</b>	<b>745</b>

5 **1. ORA Does Not Dispute SoCalGas' Shared Services O&M Forecast.**

6 ORA does not take issue or otherwise dispute SoCalGas' Test Year O&M forecast for (a)  
7 Energy Markets & Capacity Products; (b) Gas Scheduling; (c) Gas Transmission Planning and  
8 (d) Gas Control and SCADA Operations.<sup>58</sup>

9 SoCalGas agrees with ORA's analysis and recommendation for the Commission to adopt  
10 the TY2019 forecast on costing as presented.

11 **C. Support for Other Witness Areas**

12 **1. TURN Disputed Cost**

13 **a. Distribution Operations Control Center (DOCC)**

14 TURN takes issue with SoCalGas' proposal of a centralized DOCC because it states that  
15 SoCalGas has not sufficiently justified its cost in relation to the reduction in safety risk nor  
16 compared it to other alternatives. In addition, TURN recommends that SoCalGas hire a third  
17 party to investigate how PG&E's DOCC has reduced risk and enhanced safety before moving  
18 forward.<sup>59</sup>

19 As stated in the testimony of Devin Zornizer (Ex. SCG-13), SoCalGas is committed to  
20 providing safe and reliable service to its customers. SoCalGas' safety-first culture focuses on

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[3.pdf](#) and Proposed Decision dated July 12, 2018 Regarding 2018 Aliso Canyon-Related Messaging in A.12-08-007/010 (ordering SoCalGas to continue to convene regular meetings of the advisory group established in D.16-04-039 and discontinuing funding "no further funding is authorized for SoCalGas to continue to implement Conserve Energy SoCal, and no further funding is authorized to support paid Flex Alert advertising by the CAISO.").

<sup>58</sup> Ex. ORA-11 (Phan) at 91-93.

<sup>59</sup> Ex. TURN-01 (Borden) at 44.

1 public, customer, and employee safety, with this commitment embedded in every aspect of our  
2 work. Our safety culture efforts include developing a trained workforce, operating and  
3 maintaining the gas infrastructure, and providing safe and reliable gas service.<sup>60</sup> The proposed  
4 DOCC meets these objectives by enhancing the safety and operation of the distribution system  
5 via a centralized control room where operator qualified trained controllers are prepared to  
6 quickly identify and respond to abnormal operating conditions (AOC).

7 SoCalGas disagrees with TURN as SoCalGas sufficiently justified its cost in relation to  
8 the reduction in safety risk and alternatives.<sup>61</sup> TURN states that distribution pipeline pressure is  
9 highly variable and therefore, monitoring of the pressure will not be useful. SoCalGas operates  
10 distribution pipelines with pressures well above 60 psig, which can have operating patterns  
11 similar to transmission pipelines. The DOCC is needed to monitor the pressure on these types of  
12 distribution pipelines.

13 TURN argues that there will not be measurable improvement in proactive identification  
14 of pipeline failure. According to TURN, this is because hourly data is currently transmitted “on  
15 a daily basis.”<sup>62</sup> The DOCC’s purpose is to “monitor, operate, and control” with an emphasis on  
16 “proactive control,” and to enhance SoCalGas’ ability to “prevent and acknowledge events,  
17 support emergency response, provide reliable service to customers, and improve distribution  
18 system knowledge, integrity, and planning.”<sup>63</sup> It is not proposed solely for its monitoring  
19 function.

20 TURN also asserts that the DOCC is not needed because most distribution system  
21 incidents are caused by external factors, i.e., third-party actors.<sup>64</sup> The benefit of the DOCC is to  
22 enhance the identification of and reaction to outages and blowing gas events, and the potential to  
23 reduce the timing associated with these events. Operator qualified controllers operating in a 24-  
24 hour control room enhance safety as the DOCC would provide more robust real-time monitoring  
25 and response via call-outs to operations personnel. Further, having flow meters and pressure

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<sup>60</sup> Ex. SCG-13 (Zornizer) at DKZ-12.

<sup>61</sup> *Id.* at DKZ-8 to DKZ-13.

<sup>62</sup> Ex. TURN-01 (Borden) at 44.

<sup>63</sup> Ex. SCG-13 (Zornizer) at DKZ-28.

<sup>64</sup> Ex. TURN-01 (Borden) at 45.

1 monitoring in the control room are intended for detecting anomalies and abnormal operating  
2 conditions on the system.

3 SoCalGas opposes TURN's recommendation that SoCalGas hire a third party to  
4 investigate how PG&E's DOCC has reduced risk and enhanced safety before moving forward.  
5 As discussed in the direct testimony of Michael A. Bermel, Exhibit SCG-08, SoCalGas has  
6 already conducted a study that establishes a plan for the development and implementation of a  
7 Gas Distribution Control Center.<sup>65</sup> It is not prudent to spend additional ratepayer dollars on  
8 another study that is redundant and will not add value. Further response to this and other  
9 recommendations made by TURN is contained in Exhibit SCG-208, Rebuttal Testimony of  
10 Michael A. Bermel.

## 11 **2. SCGC Disputed Cost**

### 12 **a. ENVOY® - Automated Trading of Scheduled Daily Quantities**

13 Ms. Yap representing SCGC contends that SoCalGas should be authorized to spend an  
14 additional \$1 million in 2019 to incorporate automated trading of Daily Scheduled Quantities  
15 (DSQ) into Envoy's electronic bulletin board system once the upgrading of its Microservice  
16 Architecture is completed in 2019.<sup>66</sup>

17 As a preliminary matter, SoCalGas is not requesting funding to include the functionality  
18 of automating the trading of scheduled daily quantities in this General Rate Case Application.  
19 Further, SoCalGas has maintained in data requests that SCGC's request to include such  
20 functionality is not appropriate in the GRC; rather it should be included in A.17-10-002,<sup>67</sup> Core  
21 Balancing Proceeding.

22 Ms. Yap's cites to the ENVOY® Next Generation and ENVOY® Generation MA  
23 (Microservice Architecture) projects to assert that SoCalGas has completed efforts that make it  
24 more cost effective and easier to automate the trading of DSQ.<sup>68</sup> As explained in testimony of

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<sup>65</sup> December 2017, Direct testimony of Michael A. Bermel on Gas Major Projects, Exhibit SCG-08-R (Bermel) at MAB-20.

<sup>66</sup> Ex. SCGC (Yap) at 12.

<sup>67</sup> SCGC-SEU-DR-001, Question 1.5; SCGC-SEU-DR-003, Question 3.12, attached as Appendix D.

<sup>68</sup> Ex. SCGC (Yap) at 11.

1 Devin Zornizer (SCG-013), the purpose of the Next Generation project is to enhance the  
2 customer experience and ability to navigate the ENVOY system. In other words, the ENVOY  
3 Generation MA is a complete architectural redesign “from the ground up” including optimizing  
4 “mobile capabilities on multiple platforms” and the use of “[c]omputational graphics and event  
5 driven architecture.”<sup>69</sup>

#### 6 **IV. CONCLUSION**

7 To summarize, the forecast of the TY 2019 costs associated with the safe and reliable  
8 system operation and emergency response of the SoCalGas and SDG&E gas transmission system  
9 as presented in the testimony are reasonable, justified, and should be adopted by the  
10 Commission.

11 The TY 2019 forecast of \$2,972,000 for Non-Shared operating expenses, and \$5,986,000  
12 for Shared Services Operating and Maintenance expenses reflects SoCalGas’ commitment  
13 toward sustaining safe and reliable service to our customers while also striving to control  
14 operating expenses without compromising safety or regulatory compliance.

15 This concludes my prepared rebuttal testimony.

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<sup>69</sup> Ex. SCG-13 (Zornizer) at DKZ-25.

1 **V. WITNESS QUALIFICATIONS**

2 My name is Devin K. Zornizer. I presently hold the position of Director of Gas  
3 Transmission for SoCalGas and SDG&E. I held the position of Director of Gas Control &  
4 System Planning from April 2016 through March 2018.

APPENDIX A

DKZ-A-1

**ORA DATA REQUEST ORA-SCG-089-DAO SOCALGAS 2019 GRC – A.17-10-008**

**SOCALGAS RESPONSE**

**DATE RECEIVED: JANUARY 19, 2018**

**DATE RESPONDED: FEBRUARY 7, 2018**

**ORA DATA REQUEST  
ORA-SCG-089-DAO  
SOCALGAS 2019 GRC – A.17-10-008  
SOCALGAS RESPONSE  
DATE RECEIVED: JANUARY 19, 2018  
DATE RESPONDED: FEBRUARY 7, 2018**

**Exhibit Reference:** SCG-13  
**SCG Witness:** Devin K. Zornizer  
**Subject:** Gas Control and System Operations/Planning

**Please provide the following:**

1. Referring to Ex. SCG-13 testimony, pages DKZ-13 to DKZ-15, please provide the following:
  - a. Prior to the issuance of General Order 112-F, did SCG have an Incident Command System (ICS), or a similar structure, compatible with the ICS used by the first responder community within the State of California?
  - b. Prior to the issuance of General Order 112-F, did SCG have an ICS in place to be activated when necessary to the types of emergency events listed and detailed within the written emergency plans gas utilities are required to maintain per 49 CFR Part 192, §192.615?
  - c. If the SCG response to question 1 part (a) or (b) above is yes, please provide a listing of work activities to be performed in 2019 by the addition of 14 incremental positions for Emergency Services.
  - d. If the SCG response to question 1 part (a) or (b) above is no, please identify the Emergency Services system/structure in place and provide a copy of the procedures currently in use.

**SoCalGas Response 1:**

- a. SCG had an Incident Command System (ICS) prior to issuance of GO 112-F
- b. SCG had an ICS in place for activating when necessary prior to issuance of GO 112-F.
- c. The incremental positions will support the WebEOC Applications Replacement Project, the Emergency Field Communications Services and Emergency Command Vehicle Centers referenced in my testimony.

Furthermore, the positions will support the communication efforts specific to emergency response and outreach, which would include specialized and technical dialog exchanges about response capabilities, scenario planning and hazard training to raise the level of emergency response for First Responders and the company.

**ORA DATA REQUEST  
 ORA-SCG-089-DAO  
 SOCIALGAS 2019 GRC – A.17-10-008  
 SOCIALGAS RESPONSE  
 DATE RECEIVED: JANUARY 19, 2018  
 DATE RESPONDED: FEBRUARY 7, 2018**

**SoCalGas Response 1: -Continued**

For additional context, please see Exhibit SCG-13 (Zornizer), Pages DKZ-15, line 3 & 16, line 3; Pages DKZ-22, line 23 - 24, Line 5; and Pages DKZ-26, line 1 – 27, lines 11 as well as Workpapers Exhibit SCG-13-WP, 2GS001.000, including pages 13, &17 as these incremental positions in Emergency Services are associated with the RAMP-identified Risk #2, Employee, Contractor, Customer and Public Safety”

The following table provides a description of work activities for every position proposed within the Emergency Services department.

**STAFFING ASSIGNMENTS ROLE & RESPONSIBILITIES**

<b>Director</b>	Provides strategic oversight and directs the planning, organization, control, and implementation of emergency management programs.
<b>Manager</b>	Leads the development, implementation and management of Emergency Services programs and initiatives for the department.
<b>Program Manager</b>	Oversees and manages day to day key emergency management programs.
<b>Advisor</b>	Supports the day to day key emergency management programs.
<b>Technologist</b>	Responsible for the management and support of emergency response technologies utilized within Regional Gas Emergency Centers, Transmission Emergency Centers, and Emergency Operations Center, including GIS, computer, and communications systems
<b>Analyst</b>	Provides support in the areas of emergency planning and analysis, performance measurement tracking and analysis, and preparation of operational requirement studies.
<b>Note: All positions in Emergency Services are to be available to respond to emergency calls 24 hours a day, 7 days a week, including weekends and holidays, and may require extended work hours.</b>	

Additionally, SoCalGas is advising that the reference to “14” incremental positions as stated in testimony (Exh SCG-13, Pg. DKZ-15, Line 5) is incorrect. The correct number of incremental positions is “13”. This number is consistent with existing supporting workpaper (Exh SCG-13-WP). This correction to the testimony will be made at the next opportunity.

The following chart reflects the correct number of forecasted staffing assignments for years 2016 – TY2019. A similar chart was originally provided in response to DR ORA-SCG-078. That DR will also be revised for re-filing with ORA.

**ORA DATA REQUEST**  
**ORA-SCG-089-DAO**  
**SOCALGAS 2019 GRC – A.17-10-008**  
**SOCALGAS RESPONSE**  
**DATE RECEIVED: JANUARY 19, 2018**  
**DATE RESPONDED: FEBRUARY 7, 2018**

**SoCalGas Response 1: -Continued**

**STAFFING ASSIGNMENT FORECAST (corrected from DR ORA-SCG-078)**

<b>POSITION (HC)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
EMERGENCY SERVICES DIRECTOR	1	1	1	1
CORE EMERGENCY OPERATIONS CENTER OPERATIONS	5	2	2	2
EMERGENCY SERVICES ENHANCEMENT PROGRAM		2	2	2
REGULATORY COMPLIANCE, COMMUNICATIONS, STAKEHOLDER OUTREACH, AND TRAINING PROGRAM		3	4	8
ENTERPRISE PLANNING, TECHNOLOGY ADVANCEMENT & TRAINING PROGRAM DEVELOPMENT PROGRAM		2	4	6
TOTAL HC	6	10	13	19
TOTAL FTE	6.1	8.5	12.5	18.5

d. Not Applicable

APPENDIX B

DKZ-B-1

Southern California Gas Company

**SED Closure Letter for the General Order (G.O. 112 Inspection of Southern California  
Gas Company's Emergency Management Program**

DKZ-B-1

## PUBLIC UTILITIES COMMISSION

805 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



August 15, 2017

Mr. Jimmie Cho, Senior Vice President  
Gas Operations and System Integrity  
Southern California Gas Company  
555 West 5<sup>th</sup> Street, GT21C3  
Los Angeles, CA 90013

GI-2016-06-SEM40-04

**Subject: SED Closure Letter for the General Order (G.O.) 112 Inspection of Southern California Gas Company's Emergency Management Program**

Dear Mr. Cho:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission reviewed Southern California Gas Company's (SoCalGas) response letter dated July 27, 2017 that addressed two probable violations and one area of concern identified during the G.O. 112<sup>1</sup> and CA Public Utilities Code Section 950, 955, 956, 956.5 inspection of SoCalGas' Emergency Management Program from November 7 – 10, 2016.

Attached is a summary of SED's inspection findings, SoCalGas' response to SED's findings, and SED's evaluation of SoCalGas' response taken for each identified probable violation and area of concern.

This letter serves as an official closure of the 2016 G.O. 112 inspection of SoCalGas' Emergency Management Program and any matters that are being recommended for enforcement will be processed through the Commission's Citation Program or a formal proceeding.

If you have any questions, please contact Shuai "James" Zhang at (415) 603-1310 or by email at james.zhang@cpuc.ca.gov.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Lee".

Dennis Lee, P.E.  
Program and Project Supervisor  
Gas Safety and Reliability Branch  
Safety and Enforcement Division

CC: Shuai "James" Zhang, SED/GSRB  
Troy A. Bauer, Sempra Energy Utility  
Terence Eng, SED/GSRB  
Kan Wai Tong, SED/GSRB  
Matthewson Epuna, SED/GSRB  
Kenneth Bruno, SED/GSRB

<sup>1</sup> General Order 112-F was adopted by the Commission on June 25, 2015 via Decision 15-06-044.

## SUMMARY OF INSPECTION FINDINGS

### **I. Probable Violations**

#### **1. TITLE 49 CFR 192.615 EMERGENCY PLANS STATES:**

*“(c) Each operator shall establish and maintain liaison with appropriate fire, police, and other public officials to:*

- (1) Learn the responsibility and resources of each government organization that may respond to a gas pipeline emergency;*
- (2) Acquaint the officials with the operator's ability in responding to a gas pipeline emergency;*
- (3) Identify the types of gas pipeline emergencies of which the operator notifies the officials; and*
- (4) Plan how the operator and officials can engage in mutual assistance to minimize hazards to life or property.”*

#### *a. Police*

SoCalGas Procedure “04.020-N -Police & Sheriff Departments” and “04.020-OC - Police & Sheriff Departments – Non-Emergency Contact Numbers” contain law enforcement contact listings for SoCalGas’s service territory. SoCalGas regions are organized into operational districts, with each district listing multiple law enforcement agencies at the local, county and state level as possible responding agencies. For example, the Azusa District lists ten local police departments and one county sheriff department as contact agencies. In addition, the California Highway Patrol can also respond to an emergency in the district. SoCalGas provided SED with 2015 liaising records for the 2<sup>nd</sup> Annual Lunch & Learn event held on September 17, 2015 in Anaheim, CA. SED reviewed these records and determined that SoCalGas established liaison with some of the law enforcement agencies in its service territory. The records provided did not demonstrate that SoCalGas liaised with all law enforcement agencies listed in *SCG Procedure 04.020-N and 04.020-OC*. SoCalGas is therefore in violation of Title 49 CFR 192.615 (c)(1) through (c)(4).

#### *b. Other Public Officials*

SoCalGas explained to SED that it uses a third-party vendor who handles public awareness messaging to establish and maintain liaison with other public officials by emailing brochures to public officials. SoCalGas failed to demonstrate it met the requirements of Title 49 CFR 192.615 (c)(1) and (c)(4). Specifically, the email process and documentation failed to demonstrate how SoCalGas learns the responsibility and resources of each government organization that may respond to a gas pipeline emergency and demonstrate that SoCalGas plans how the operator and officials can engage in mutual assistance to minimize hazards to life and property. SoCalGas is therefore in violation of Title 49 CFR 192.615 (c)(1) and (c)(4).

#### **SoCalGas Response:**

*1.a. & 1.b. SoCalGas acknowledges CPUC finding.*

#### **Corrective Action:**

*SoCalGas has initiated a comprehensive review and enhancement initiative in 2017 of its existing first responder outreach program to incorporate outreach to law enforcement agencies and other public officials to enhance compliance with Title 49 CFR 192.615 (c)(1) through (c)(4). As part*

*of this ongoing initiative, SoCalGas has implemented additional programmatic outreach plans that includes the assignment of additional resources and outreach activities throughout the SoCalGas service territory.*

**SED's Conclusion:**

SED opted not to impose a fine or penalty since the corrective actions taken by SoCalGas are satisfactory and the violation did not create any hazardous conditions for the public or utilities employees. However, recurrence of the same violation in the future may result in an enforcement action.

**2. TITLE 49 CFR §192.616 STATES IN PART:**

*“(b) The operator's program must follow the general program recommendations of API RP 1162 and assess the unique attributes and characteristics of the operator's pipeline and facilities.”*

API Recommended Practice 1162, First Edition, December 2003, Section 2.3.2 Emergency Responder Liaison Activities (49 CFR Parts 192.615 and 195.402) states:

*“These regulations require that operators establish and maintain liaison with fire, police and other appropriate public officials and coordinate with them on emergency exercises or drills and actual responses during emergency.”*

SoCalGas' service territory is organized into two regions - the Northwest and Southeast Region. The Northwest Region extends approximately from Visalia to San Pedro and from San Luis Obispo to Glendale/Lancaster and is broken up into 8 areas. The Southeast Region extends approximately from Pasadena to El Centro and from Downey to Blythe and is broken into 7 areas. Each area has three to four operational districts. SoCalGas' service territory also includes transmission regions such as North Desert Transmission which includes assets in the Needles and Victorville areas.

The emergency exercise and tabletop exercise documentation reviewed by SED indicated that SoCalGas held an annual functional exercise on 9/16/2015 and the joint tabletop exercise with San Diego Gas & Electric on 6/29/2015. These exercises included participation from Los Angeles City Fire, Los Angeles County Fire, Joint Regional Intelligence Center and the Federal Bureau of Investigations for the annual functional exercise and San Diego County Office of Emergency Services for the joint tabletop exercise.

The documentation reviewed by SED did not demonstrate that SoCalGas coordinated with fire, police and other appropriate public officials on emergency exercises or drills throughout its service territory. SoCalGas is therefore in violation of Title 49 CFR §192.616 (b).

**SoCalGas Response:**

*SoCalGas acknowledges CPUC area of concern.*

**Corrective Action:**

*SoCalGas has initiated a comprehensive review of its existing program to expand emergency exercises/table top to local fire, police, and appropriate public officials (as reference to question 1 and 2). As part of the re-evaluation of the program, SoCalGas has taken into consideration the frequency of the exercises/table top as part of this program enhancement.*

**SED's Conclusion:**

SED opted not to impose a fine or penalty since the corrective actions taken by SoCalGas are satisfactory and the violation did not create any hazardous conditions for the public or utilities employees. However, recurrence of the same violation in the future may result in an enforcement action.

**b. Areas of Concern and Recommendations(AOCs)**

**AOC 1**

SED recommends that SoCalGas establish a frequency to perform emergency exercises or tabletops in each of its 15 areas and coordinate with local fire, police and appropriate public officials on these exercises or tabletops.

**SoCalGas Response:**

*SoCalGas acknowledges CPUC area of concern.*

**Corrective Action:**

*SoCalGas will re-evaluate the existing program to expand emergency exercises/table top to local fire, police, and appropriate public officials (as reference to question 1 and 2). As part of the re-evaluation of the program, SoCalGas will also take into consideration the frequency of the exercises/table top when enhancing the program.*

**SED's Conclusion:**

SED has determined that the corrective actions articulated by SoCalGas sufficiently addressed the recommendation. SED may check for the completion of the stated corrective actions at a future date.

APPENDIX C

DKZ-C-1

SoCalGas' Response to Energy Division Data Request  
Questions 1 and 2, Dated February 8, 2016

# SOUTHERN CALIFORNIA GAS COMPANY

## CPUC-ENERGY DIVISION DATA REQUEST DATED FEBRUARY 8, 2016

### **Question 1:**

A complete list of the electric generation power plants on the SoCalGas system and which SoCalGas storage facility can potentially serve them, including:

- a. Name, location and type of each facility
- b. Definition of facility type (i.e. how does SoCalGas identify and define a peaker from another electric generator)
- c. Generating capacity of each facility
- d. Daily gas requirement for each facility at maximum generating capacity

### **Response 1:**

Please refer to the attached spreadsheet. For “location”, SoCalGas has utilized the local service areas as proposed in A.15-06-020.

[spreadsheet appears as the last page]

### **Question 2:**

A detailed narrative on how SoCalGas currently (pre-Aliso Canyon incident) meets the daily gas requirements of electric generators, including peaker plants. In your narrative, please include the following:

- a. SoCalGas’ operational measures taken prior to and during a gas day,
- b. interactions with the CAISO,
- c. forecasts of EG requirements made by SoCalGas and when those forecasts are made,
- d. how SoCalGas decides whether storage is used (and which storage fields to use) to meet EG requirements,
- e. when, during the day, SoCalGas determines that a low Operational Flow Order or Emergency Flow Order is necessary,
- f. how SoCalGas accounts for maintenance being conducted on pipelines or storage facilities.

### **Response 2:**

SoCalGas’ daily operational planning consists of multiple facets which include the core demand, electric generation demand, and non-EG noncore demand. This planning occurs up to 5 days in advance of the gas flow day, however the forecast is revised up to and including the gas day based on actual real-time system load.

# SOUTHERN CALIFORNIA GAS COMPANY

## CPUC-ENERGY DIVISION DATA REQUEST DATED FEBRUARY 8, 2016

SoCalGas receives a day-ahead forecast from the CAISO, representing their expected CAISO EG demand for the next gas/electric day. CAISO also sends a 2 day-ahead forecast to SoCalGas. Both reports are received daily. SoCalGas also receives a day-ahead forecast from the Los Angeles Department of Water and Power (LADWP), however only during peak EG demand periods and not on an ongoing consistent basis.

SoCalGas utilizes storage to meet EG requirements all year long, however its utilization is different based on operating seasons and conditions, especially since natural gas fuels back-up electric generation, when renewable energy resources, especially solar and wind, are not available. Utilization of storage is highly dependent on demand and the amount of flowing supplies available at any given time. Storage withdrawals are often employed during the summer to help meet peak EG demands that occur throughout the day, peak demands that cannot be met with flowing supplies due to the speed and magnitude at which these peaks occur. The hourly load can be substantially higher than a 24-hour sendout figure would suggest. Gas is delivered from the interstate pipelines on a substantially flat hourly basis; and, unlike other transmission pipeline operators who have “long line” transmission pipelines, the SoCalGas system does not have the operational linepack to tolerate large hourly changes in demand for long periods of time.

Because SoCalGas’ storage fields at Aliso Canyon and Playa del Rey are closer to the EG resources located in the LA Basin demand center, those sources are more effective to quickly respond to changing LA Basin demand and provide supplies to electric generators than the supplies from the interstate pipelines or from the Honor Rancho storage field. However, both Aliso Canyon and Honor Rancho are critical for responding to EG demands.

SoCalGas may call a low OFO or EFO pursuant to Rule 41. SoCalGas generally decides during Cycle 1 whether a low OFO or EFO will be needed.

The Gas Control Departments coordinates maintenance projects to help maintain system reliability. The Gas Control Department’s Outage Coordination Group reviews and approves projects that are proposed on the Transmission and Storage systems. In addition, the review and approval process provides documentation needed to comply with federal regulations.

### **Question 3:**

Please state and describe any options is SoCalGas considering to increase gas delivery reliability on its system with reduced or no Aliso Canyon storage inventory, withdrawal or injection capacity. Does SoCalGas anticipate a change to its Operational Flow Order or Emergency Flow Order? Please provide your response with regard to the current winter, the summer of 2016 and the winter of 2016-2017.

## **SOUTHERN CALIFORNIA GAS COMPANY**

### **CPUC-ENERGY DIVISION DATA REQUEST DATED FEBRUARY 8, 2016**

#### **Response 3:**

SoCalGas does not anticipate needing to make any changes to its OFO or EFO provisions during the remainder of this winter. Changes to the provisions or the formulas underlying the provisions could potentially be needed to deal with reduced Aliso Canyon availability this upcoming summer and for the winter of 2016-2017, but SoCalGas has not determined whether any such changes would be needed or what such changes would be. SoCalGas and SDG&E intend to submit a proposal to the Commission in the near future for temporary daily balancing. If such proposal is adopted, it is less likely that changes to the OFO/EFO provisions or formulas would be needed.

EG Plant Name	Location	Type	Storage field(s) providing direct service	Generating Capacity (MW)	Gas Requirement (MMCFD)
GenOn Energy Management, LLC-(Mandalay Gen Units 1&2, Mandalay Unit 3 Peaker)	Coastal System	Plant, Peaker	La Goleta	559	147
GenOn Energy Management, LLC-(Ormond Beach Gen Units 1&2)	Coastal System	Plant	Honor Rancho, La Goleta	1500	343
RRI Energy Services, LLC -Ellwood Peaker	Coastal System	Peaker	La Goleta	63	20
SCE - McGrath Peaker (Oxnard)	Coastal System	Peaker	La Goleta	51	11
LADWP Valley Generation Station	North LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	628	102
SCE Center Peaker	North LA Basin	Peaker	Aliso Canyon, Honor Rancho, Playa del Rey	51	11
City of Glendale	North LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	262	69
City of Burbank	North LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	48	11
City of Pasadena	North LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	211	55
City of Vernon - Malburg	North LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	139	24
Delano Energy Center, LLC	North Valley System	Plant	Honor Rancho	51	11
GWF Energy, LLC (Hanford)	North Valley System	Plant	None	101	23
GWF Energy, LLC (Henrietta)	North Valley System	Plant	None	101	23
GenOn Energy Management, LLC (Etiwanda Generating Stations 3 & 4)	Northern System	Plant	Honor Rancho	620	142
SCE Grapeland Peaker (Rancho Cucamonga)	Northern System	Peaker	Honor Rancho	51	11
SCE Mira Loma Peaker (Ontario)	Northern System	Peaker	Honor Rancho	51	11
SCE Mountainview Generating Station	Northern System	Plant	Honor Rancho	1054	180
LADWP Haynes Generation Station	South LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	1592	325
LADWP Scattergood Generation Station	South LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	817	183
LADWP Harbor	South LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	555	111
SCE Alamitos Toll	South LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	1892	439
SCE Huntington Beach Generating Station Toll	South LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	430	99
SCE Redondo Beach Toll	South LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	1310	306
SCE Barre Peaker	South LA Basin	Peaker	Aliso Canyon, Honor Rancho, Playa del Rey	51	11
EI Segundo Energy Center, LLC	South LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	573	103
Long Beach Generation, LLC	South LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	260	84
City of Anaheim - Canyon Power & Kramer Peaker	South LA Basin	Plant, Peaker	Aliso Canyon, Honor Rancho, Playa del Rey	250	56
Southern California Public Power Authority – Magnolia	South LA Basin	Plant	Aliso Canyon, Honor Rancho, Playa del Rey	316	61
Blythe Energy, LLC	Southern System - East of Moreno	Plant	None	520	91
CPV Sentinel, LLC	Southern System - East of Moreno	Plant	None	828	185
Shell Energy Indigo Generation	Southern System - East of Moreno	Peaker	None	135	36
Imperial Irrigation District (Coachella GT 1-4)	Southern System - East of Moreno	Plant	None	116	34
Imperial Irrigation District (El Centro Generating Station)	Southern System - East of Moreno	Plant	None	350	73
Imperial Irrigation District (Niland Gas Turbine Plant)	Southern System - East of Moreno	Plant	None	95	21
Imperial Irrigation District (Rockwood GT 1)	Southern System - East of Moreno	Plant	None	25	9
Cabrillo II - El Cajon	Southern System - South of Moreno	Peaker	None	15	6
Cabrillo II - Kearny (1,2 and 3)	Southern System - South of Moreno	Peaker	None	136	53
Cabrillo II - Miramar	Southern System - South of Moreno	Peaker	None	36	13
Cabrillo Power I	Southern System - South of Moreno	Plant	None	965	270
SDG&E Cuyamaca	Southern System - South of Moreno	Plant	None	48	12
CalPeak Power Enterprise - Escondido	Southern System - South of Moreno	Peaker	None	49	13
CalPeak Power Enterprise - Otay Mesa	Southern System - South of Moreno	Peaker	None	49	12
Chula Vista Energy Center	Southern System - South of Moreno	Plant	None	35	12
MMC - Escondido	Southern System - South of Moreno	Peaker	None	49	12
Orange Grove Peaker	Southern System - South of Moreno	Peaker	None	96	22
SDG&E Generation - Miramar Energy Facility	Southern System - South of Moreno	Peaker	None	90	24
SDG&E Generation - Otay Mesa Energy Center	Southern System - South of Moreno	Plant	None	603	103
SDGE Generation Palomar	Southern System - South of Moreno	Plant	None	570	96
Shell Energy - Larkspur	Southern System - South of Moreno	Peaker	None	90	24
Wellhead El Cajon	Southern System - South of Moreno	Peaker	None	48	11
Inland Empire Energy Center, LLC	Southern System - South of Moreno	Plant	None	800	117
City of Colton - Agua Mansa	Southern System - West of Moreno	Plant	None	51	11
City of Riverside - Clearwater Power Plant	Southern System - West of Moreno	Plant	None	32	7
City of Riverside - Riverside Energy Resource Center	Southern System - West of Moreno	Plant	None	199	45
City of Riverside - Springs Generation	Southern System - West of Moreno	Plant	None	40	12
Colton Power, LP (Century)	Southern System - West of Moreno	Plant	None	42	12
Colton Power, LP (Drews)	Southern System - West of Moreno	Plant	None	42	12
Corona Energy Partners, LTD.	Southern System - West of Moreno	Plant	None	42	10
Walnut Creek Energy, LLC	Southern System - West of Moreno	Plant	None	518	116

**APPENDIX D**

**DKZ-D-1**

**SCGC-SEU-DR-001, QUESTION 1.5;  
SCGC-SEU-DR-003, QUESTION 3.12**

**SCGC-SEU DATA REQUEST-001**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SEU RESPONSE**

**DATE RECEIVED: JANUARY 23, 2018**

**DATE RESPONDED: FEBRUARY 6, 2018**

1.5. Witness Christopher Olmsted states in Workpaper SCG-26-CWP at page 256 of 871:

Software changes will be made to ENVOY application. Redesign system architecture to allow for quicker response to business and regulatory changes. Envoy will be broken down into multiple component services, so that each of these services can be deployed, tweaked, and then redeployed independently without compromising the integrity of an application.

Employ computational graphic techniques for complex Envoy processes like confirmation and allocations for better understanding of the process and the results by utilizing interactive graphics for complex computational requirements.

Implement Event-driven architecture to facilitate immediate information dissemination and reactive business process execution in Envoy.

Organize Envoy business functionality into loosely coupled, separately deployable entities for flexibility and to fulfill regulatory mandates in timely manner. Individual processing unit encapsulates cluster of related functionality so that they can change efficiently in response to business needs.

Ability to quickly adapt to business and regulatory changes. Ability to provide more timely data to customers.

- 1.5.1. Will this updated ENVOY system provide any enhancement to customers' ability to manage their nominations relative to the ENVOY Next Generation proposal made on workpaper page 262?
- 1.5.2. If the answer to the previous question is "yes," please describe how the system will enhance customers' ability to manage their nominations.
- 1.5.3. Will this updated ENVOY system be capable of allowing core and/or noncore customers to see their Measurement Day burn early in the day following the metered Measurement Day?
- 1.5.4. If the answer to the previous question is "yes," please identify how early in the day following a Measurement Day core and/or noncore customers will be able to see the Measurement Day burn data
- 1.5.5. Will this updated ENVOY system be capable of notifying customers of their imbalance position for the previous Measurement Day on a daily basis?
- 1.5.6. Will this updated ENVOY system be capable of notifying customers of their cumulative imbalance positions for the month on a daily basis?

**SCGC-SEU DATA REQUEST-001**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SEU RESPONSE**  
**DATE RECEIVED: JANUARY 23, 2018**  
**DATE RESPONDED: FEBRUARY 6, 2018**

**Question 1.5: - Continued**

- 1.5.7. Will this updated ENVOY system provide any enhancement to customers' ability to trade their daily gas imbalances with other customers relative to the ENVOY Next Generation proposal made on workpaper page 262?
- 1.5.8. If the answer to the previous question is "yes," please describe how the system will enhance customers' ability to trade their daily imbalances.

**Utility Response 1.5:**

**1.5.1 – 1.5.8**

SoCalGas objects to this request pursuant to Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks information that is neither relevant to the subject matter involved in this proceeding nor is reasonably calculated to lead to the discovery of admissible evidence for this proceeding. Subject to and without waiving this objections, SoCalGas responds as follows: The proposed ENVOY enhancements are addressing the foundational architecture only. The proposed enhancements will not include any of the attributes listed in this question.

**SCGC-SEU DATA REQUEST-003**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SEU RESPONSE**  
**DATE RECEIVED: APRIL 2, 2018**  
**DATE RESPONDED: APRIL 17, 2018**

3.12. With respect to the response to SCGC-SEU-01, Q.1.5., SoCalGas states its objection to the question “in that it assumes that ENVOY is not currently capable of changing certain attributes with sufficient time and funding as mandated by the Commission.”

3.12.1. Given the response to Q.1.5.1 that states: “As proposed in this Test Year 2019 General Rate Case (TY2019 GRC), the ENVOY enhancements address the foundational architecture only.” Would the enhancements to the ENVOY foundation architecture proposed in this proceeding be expected to enable future changes to ENVOY at a lower cost than would be possible with the current ENVOY architecture for a change such as enhancing customers’ ability to manage their nominations?

3.12.2. Given the response to Q.1.5.3 that states: “As proposed in this Test Year 2019 General Rate Case (TY2019 GRC), the ENVOY enhancements address the foundational architecture only.” Would the enhancements to the ENVOY foundation architecture proposed in this proceeding be expected to enable future changes to ENVOY at a lower cost than would be possible with the current ENVOY architecture for a change such as allowing core and/or noncore customers to see their Measurement Day burn early in the day following the metered Measurement Day?

3.12.3. Given the response to Q.1.5.5 that states: “As proposed in this Test Year 2019 General Rate Case (TY2019 GRC), the ENVOY enhancements address the foundational architecture only.” Would the enhancements to the ENVOY foundation architecture proposed in this proceeding be expected to enable future changes to ENVOY at a lower cost than would be possible with the current ENVOY architecture for a change such as notifying customers of their imbalance position for the previous Measurement Day on a daily basis?

3.12.4. Given the response to Q.1.5.7 that states: “As proposed in this Test Year 2019 General Rate Case (TY2019 GRC), the ENVOY enhancements address the foundational architecture only.” Would the enhancements to the ENVOY foundation architecture proposed in this proceeding be expected to enable future changes to ENVOY at a lower cost than would be possible with the current ENVOY architecture for a change such as allowing customers to trade their daily gas imbalances with other customers?

**Utility Response 3.12.1-4:**

SoCalGas objects to this request and all of its subparts pursuant to Rule 10.1 of the Commission’s Rules of Practice and Procedure to the extent it seeks information that is neither relevant to the subject matter involved in this proceeding nor is reasonably calculated to lead to the discovery of admissible evidence for this proceeding.

**SCGC-SEU DATA REQUEST-003**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SEU RESPONSE**  
**DATE RECEIVED: APRIL 2, 2018**  
**DATE RESPONDED: APRIL 17, 2018**

**Utility Response 3.12.1-4:-Contined**

SoCalGas also objects to this request on the grounds that it assumes facts not in evidence and lacks foundation in that it assumes that ENVOY is not currently capable of changing certain attributes with sufficient time and funding as mandated by the Commission, and calls for the speculation. Subject to and without waiving this objections, SoCalGas responds as follows:

SoCalGas envisions that the proposed architectural enhancements to ENVOY included in its Test Year 2019 General Rate Case and discussed in Exh. SCG-13 at 25:8-20 and in response to SCGC-SEU-01, Q.1.5., should allow for future modifications of ENVOY at a lower cost compared to the current architecture foundation.