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May 26, 2016

Mr. Robert Peterson  
Project Manager  
Energy Division, Infrastructure Permitting and CEQA  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: Third Application Completeness Response: Certificate of Public Convenience and Necessity for the Pipeline Safety & Reliability Project (A.15-09-013)

Dear Mr. Peterson:

The California Public Utilities Commission (Commission) has expressed a clear desire to instill “a culture that inspires the values of utility safety and reliability throughout California.”<sup>1</sup> Consistent with this desire, the Commission has declared that “all natural gas transmission pipelines in service in California must be brought into compliance with modern standards of safety.”<sup>2</sup>

San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas) (collectively, Applicants) share the Commission’s unwavering commitment to natural gas pipeline safety and reliability, and for these reasons have proposed the Pipeline Safety & Reliability Project (PSRP). As discussed in the Application, testimony, and other materials submitted to the Commission, the Applicants believe that they have a “timely and rare opportunity to cost-effectively” achieve three objectives: enhance the safety of existing Line 1600 and modernize the natural gas transmission system with state-of-the-art materials, as required by California Public Utilities Code section 958 and Decision (D.) 11-06-017 and to implement SDG&E and SoCalGas’ Pipeline Safety Enhancement Plan (PSEP) approved in D. 14-06-007; improve system reliability and resiliency by minimizing dependence on a single pipeline; and enhance operational flexibility to manage stress conditions by increasing system capacity.<sup>3</sup>

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<sup>1</sup> <http://www.cpuc.ca.gov/General.aspx?id=2496>.

<sup>2</sup> Rulemaking (R.) 11-02-019 at 1.

<sup>3</sup> See, e.g., Prepared Direct Testimony of Douglas Schneider.

In promoting modern standards and enhancing pipeline safety, the Commission and the Applicants share another mutual goal: to do so “as soon as practicable.”<sup>4</sup> Clearly, the questions raised in this PSRP Application require thoughtful consideration— but *without* undue delay.

For these reasons, the Applicants have taken a number of steps in good faith to facilitate a timely yet thorough review of the PSRP by the Commission and the public. These steps have included regular and open communications with Energy Division’s California Environmental Quality Act (CEQA) Unit more than a year in advance of filing the Application; “pre-filing” a draft of the Proponent’s Environmental Assessment (PEA) with Energy Division staff; consideration and analysis of a wide range of alternatives, including alternatives that the Applicants believe are inferior to the PSRP; on-going engineering and environmental analysis to refine the project scope; expedited responses to Energy Division’s requests for additional information; and extensive coordination with local, state and federal agencies and a wide range of other stakeholders both prior to and after filing the Application.

The feedback the Applicants have received from you and other stakeholders by taking these steps has yielded a robust application package that will inform a thorough evaluation of the PSRP. Such feedback includes the Joint Assigned Commissioner and Administrative Law Judge Ruling Requiring an Amended Application and Seeking Protests, Responses and Replies issued on January 22, 2016 (Joint Ruling). Although the Joint Ruling required the Applicants to undertake a detailed Cost-Effectiveness Analysis of alternatives and develop additional information in a compressed period of time, the data that was generated provides a strong foundation for the careful consideration of project alternatives during the Commission’s decision-making process.

In light of the proactive steps taken in this proceeding and the content, quality and extent of the materials submitted to date, the Applicants were disappointed to receive your letter dated April 29, 2016 deeming the Application “incomplete” for the third time (Third Application Completeness Letter). The letter identified new “deficiencies” and requested additional information more than 30 days after Applicants provided responses to the Second Deficiency Letter on February 12, 2016 and filed the Amended Application on March 21, 2016.

Because the Applicants remain committed to working with the Commission to facilitate the timely review of this pipeline safety and reliability Application, the Applicants have again prepared expedited responses to the requested items. Although the Third Completeness Letter does not require a response until June 28, 2016, attached please find responses to all but one<sup>5</sup> of the items for which the Third Completeness Letter requests a further response from the Applicants.

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<sup>4</sup> See, D.11-06-017 at 19-20.

<sup>5</sup> The only item not provided at this time is a set of additional visual simulations (Item 1.4.1-3), that take 12-14 weeks to prepare and required input from E&E. E&E provided input regarding the additional visual simulations in the April 29 Third Completeness Letter. On May 23, 2016, E&E requested two new items, which will be provided separately. Other items are marked “Incomplete – No Further Request at This Time.”

The Commission has indicated that the Application will remain incomplete until there is an executed Memorandum of Understanding (MOU) between the Commission, Marine Corps Air Station (MCAS) Miramar, and Caltrans. The Applicants do not believe that the lack of an executed agreement among state and federal agencies is a basis to deem the Application incomplete. The Applicants are aware that a draft MOU among the agencies has been in development for nearly seven months and have actively encouraged the Commission, MCAS Miramar and Caltrans to coordinate and move forward with the MOU and joint environmental review. Ultimately, however, the Applicants have no jurisdiction or control over these state and federal agencies, are not privy to the negotiations, and cannot compel execution of the MOU. The Commission has also noted that no further action is required from Applicants on that item, in Table 1 accompanying the Third Completeness Letter.<sup>6</sup> The Applicants will continue to advocate for MCAS Miramar and Caltrans to sign the MOU, but the Applicants do not believe that the MOU should be used as a basis to delay initiating the Commission's consideration of the pipeline safety and reliability issues raised in this proceeding.

Based on the information submitted to date, which now includes the attached additional responses, the Applicants believe they have provided more than enough information to deem the Application complete consistent with the Commission's rules, guidance, and past practice. Specifically, the Applicants have reviewed Rule 2.4 of the Commission's Rules of Practice and Procedure regarding compliance with CEQA. The Applicants have also reviewed the Commission's CEQA Information and Criteria List adopted in Decision 89905, including the Commission's "guidance" checklists for preparing PEAs for natural gas storage and electric transmission projects (which Applicants consulted because the Commission has not adopted any guidance for preparing PEAs for natural gas *transmission* projects). Accordingly, the Applicants firmly believe they have provided sufficient information to deem the Application complete consistent with the Commission's rules, guidance, and past practice.

The Applicants respectfully request that the Commission deem the Application complete and schedule a Prehearing Conference to initiate the formal regulatory review process. The Applicants understand that the Commission may continue to require additional information after the formal process is initiated. The Joint Ruling issued on January 22, 2016 identified the potential for a Prehearing Conference in May 2016. Although the Applicants realize the close of May 2016 is upon us, they nevertheless seek your support for the scheduling of a Prehearing Conference in June 2016 so that the Commission can initiate its formal review of the issues raised in this proceeding. We further ask that you continue to use your best efforts to encourage MCAS Miramar and Caltrans to execute the inter-agency MOU, as will the Applicants, so that we continue to work towards initiating CEQA/National Environmental Policy Act Scoping as soon as practicable.

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<sup>6</sup> Third Completeness Letter, Table 1, Item 1.1-6 is color coded as "Incomplete No Further Request At This Time."

As always, we welcome the opportunity to discuss the attached responses and any concerns in person or by phone. We look forward to continuing to work with the Commission to advance our mutual interest in pipeline safety and reliability. We sincerely appreciate your time, input, and guidance to date and urge you to deem the Application complete so that the formal consideration of these important issues can commence.

Very truly yours,



Estela de Llanos  
Director, Major Projects Development

cc: Molly Sterkel  
Mary Jo Borak  
Jonathan Koltz  
Peggy Farrell  
Brian Prusnek  
Shirley Amrany  
Norm Kohls  
Edalia Olivo-Gomez  
Allen Trial

Encl. Third Application Completeness Response Table