



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In The Matter of the Application of San Diego Gas & Electric Company (U902G) and Southern California Gas Company (U904G) for a Certificate of Public Convenience and Necessity for the Pipeline Safety & Reliability Project.

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(Filed September 30, 2015)

**JOINT ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S
RULING REQUIRING AN AMENDED APPLICATION AND SEEKING
PROTESTS, RESPONSES, AND REPLIES**

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**JOINT ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S
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Background and Summary

In Application (A.) 15-09-013, San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) (collectively, "Applicants" or "Sempra") seeks a Certificate of Public Convenience and Necessity (CPCN) for the construction of a new 47-mile long, 36-inch natural gas transmission Line 3602 Pipeline from Rainbow Station to Miramar, at a construction cost of \$596 million. Line 3602 Pipeline (Proposed Project) would replace a 16-inch natural gas transmission pipeline also from Rainbow Station to Miramar.

The Proposed Route is located in San Diego County, California and crosses the cities of San Diego, Escondido, and Poway; unincorporated communities in San Diego County; and federal land. Approximately 87% (approximately 41 miles) of the Proposed Route will be installed in urban areas within existing roadways and road shoulders, pursuant to franchise agreements.¹

With the Proposed Project, the Applicants state that capacity on the San Diego gas system will be increased by approximately 30 million or approximately 200 million cubic feet per day (MMcfd). This proposed throughput assumes that all facilities are in operational order and will accommodate elevated demand conditions.² The Applicants estimate that the

¹ See "Application of San Diego Gas & Electric Company and Southern California Gas Company for a Certificate of Public Convenience and Necessity for the Pipeline Safety & Reliability Project" (Application) at 7.

² PEA at 2-7.

annual revenue requirement will be \$82.7 million, resulting in an increase of 8.1 cents/Decatherm (Dth) (or 45.3% increase) in the Backbone Transportation (BTS) charge as early as 2020.

As set forth in its accompanying Proponent's Environmental Assessment (PEA),³ the Proposed Project is needed to meet three fundamental objectives: 1) implementing pipeline safety requirements for existing Line 1600 and modernizing the system with state-of-the-art materials;⁴ 2) improving system reliability and resiliency by minimizing dependence on a single pipeline; and 3) enhancing operational flexibility to manage stress conditions by increasing system capacity.⁵

Sempra submitted a proposed schedule in the Application that contemplated a December 2017 Commission decision.⁶ Several parties filed timely protest, arguing that the Application was deficient in several respects. We agree. In this Ruling, the Applicants are directed to file and serve an amended application by March 21, 2016 to address deficiencies pursuant to California Public Utilities Code Sections 1001 and 1003(d),⁷ 3.1 (b), 3.1(c), 3.1(e), 3.1(f), 3.1(h), 3.1(i), 3.1(k)(1), 3.1(k)(1)(A), 3.1(k)(B), 3.1(k)(2), 3.1(k)(3), 3.1(k)(3)(A), 3.1(k)(3)(B), and 3.1(o) of the Commission's Rules of Practice and Procedure (Rules); and

³ Refer to Volume II of the Application.

⁴ "Line 1600 is an existing 50-mile natural gas transmission line constructed in 1949 that has not been pressure tested in accordance with modern day practices and recently-adopted regulations. In Decision 14-06-007, the Commission adopted the Applicants' Pipeline Safety Enhancement Plan (PSEP), which calls for pressure testing or replacing the transmission function of Line 1600." (Application at 2, Footnote 1.)

⁵ According to the Applicants, these objectives are described more fully in the PEA, Chapter 2.0 Purpose and Need, Volume II of the Application, Section 2.0 at 2-1. (Application at 2.)

⁶ Application at 21.

⁷ Further statutory references are to the Public Utilities Code unless otherwise specified.

safety evaluation and compliance analysis, as detailed in this Ruling. Consistent with Rule 2.6, by April 21, 2016, parties shall file and serve protests and responses to the amended application; by April 29, 2016, parties shall file and serve replies.

Parties will have an opportunity to address issues not addressed in this ruling at the PHC, which will be scheduled after Commission and/or CPUC receipt of an amended application and final determination that the amended application is complete. In the meantime, parties should continue discovery. Any person who wishes to present evidence on environmental impact issues must do so through participation in the California Environmental Quality Act (CEQA) review process.

1. Overview of Protests and Reply

In response to the Application, the following parties filed and served timely responses and/or protests by November 2, 2015: City of Long Beach, Gas & Oil Department (Long Beach); Shell Energy North America (US), L.P. (Shell Energy); Southern California Generation Coalition (SCGC); The Utility Reform Network (TURN); Office of Ratepayer Advocates (ORA); and Utility Consumers' Action Network (UCAN).^{8 9} SDG&E and SoCalGas filed and served a timely reply to responses and protests on November 12, 2015.

⁸ Sierra Club did not file comments in response to the application but filed a motion for party status on November 24, 2015. The Administrative Law Judge (ALJ) granted party status on December 2, 2015 and notes in this discussion some concerns Sierra Club raised in its original motion.

⁹ North Baja Pipeline, LLC did not file comments in response to the application but filed a motion for party status on October 12, 2015. The ALJ granted party status on December 31, 2015.

This is a partial list of the issues parties raised:

1.1. Schedule

In their response or protests, SCGC, ORA, TURN, and UCAN objected to the lack of time for intervenor review of the Applicants' Opening Testimony. As an example, TURN points out that Sempra proposes to submit opening testimony on January 15, 2016, and proposes that intervenor testimony be due less than one month later, on February 12, 2016. In contrast, TURN suggests that the Commission allow intervenor testimony be submitted at least three months after the filing of the Applicants' direct testimony on need issues. SCGC and ORA believe that the schedule is far too accelerated and that more time should be allowed for discovery given a "sparse" application and the Applicant's failure to provide opening testimony to support the application.¹⁰

TURN, ORA, and SCGC object to a bifurcated schedule that would inappropriately separate the consideration of need and purpose from cost issues. They suggest that need cannot be considered without evaluating cost. ORA believes that more lead time before the first round of hearings should be required and that hearings should occur first on all non-CEQA issues rather than leaving cost issues for a later hearing combined with CEQA issues. SCGC agrees and suggests that the sequence of testimony proposed by the Applicants would make a cost-benefit analysis "impossible" for the project. It believes that a schedule should be adopted that would facilitate the development of a cost benefit analysis for the Proposed Project in a "coherent and systematic manner."¹¹

¹⁰ SCGC Protest at 11.

¹¹ SCGC Protest at 11; ORA Protest at 2.

Given the proposed accelerated schedule, both ORA and Long Beach point out that Sempra's proposed schedule conflicts with other proceeding schedules (e.g., Curtailment Proceeding A.15-06-020; Phase 2 Triennial Cost Allocation Proceeding A.15-07-014; and several other gas proceedings underway).

In response to comments, Sempra agrees that determination of need in a CPCN cannot be made without some consideration of costs. However, it claims that pursuant to 14 CCR § 15126.6 (c), an EIR¹² is not required to evaluate the impacts from all alternatives, but should include an explanation regarding why alternatives were eliminated due to infeasibility or failure to meet project objectives.¹³ Sempra does not believe that concurrent gas related proceedings conducted at the same time is a valid reason to delay the limited application.¹⁴

1.2. Compliance with Commission's Rules of Practices and Procedure and State of California Public Utilities Code

ORA, SCGC, TURN, and Sierra Club claim that the application is deficient because it does not comply with basic provisions of Rule 3.1 pertaining to CPCN "Construction or Extension of Facilities Requirements," including providing the demonstrated need for the project, design criteria, expected volumes or throughput, market requirements, identification of competitors (e.g., pipeline competitors that could deliver gas to Mexico through either existing facilities or new facilities), etc. Among other things, parties also maintain that the

¹² For the purposes of this Ruling, the term, "EIR," refers to both the expected CEQA Environmental Impact Report and the environmental document that will be required under the National Environmental Quality Act (NEPA). It is not clear at this time what type of document (i.e., Environmental Impact Statement (EIS) or Environmental Assessment (EA) will be required by the NEPA Lead Agency.

¹³ Sempra Reply to Protests at 10.

¹⁴ Sempra Reply to Protests at 11.

application excludes cost-benefit/effectiveness analysis of the project and alternatives as required in Section 1003 (d) and cost estimates for the cost caps as required in Section 1005.5.

In response to comments, Sempra does not address parties' concerns that the Application did not comply with Rule 3.1 requirements. Sempra believes that cost estimates for the cost caps required in Section 1005.5 should be provided after the Final EIR is issued.

1.3. Project Objectives and Associated Data

UCAN, TURN, ORA, SCGC and Sierra Club maintain that more data is needed to evaluate the subject application.

As to review of fundamental objectives, UCAN states the following are missing:

- a. Historical safety and reliability testing data for Line 1600;
- b. Historical data regarding pipelines that have not proven reliable or resilient; and
- c. Data showing stress conditions created by increasing system capacity.¹⁵

As to review of purpose, need and cost, UCAN identified potential areas needing further investigation, including, but not limited to:

- a. Correlation of proposed project to new pipeline safety laws;
- b. Examination of the state of the system and data used to show understanding of current and increasing importance of natural gas reliability;
- c. Data showing current and forecasted capacity requirements;¹⁶ and

¹⁵ UCAN Protest at 3.

- d. As to c) above, ORA, SCGC and Sierra Club state that neither historical data nor forecast data show a likelihood of increased demand that would, in turn, necessitate increased capacity.

Sempra claims that these comments raise issues beyond the stated scope of the proceeding or fail to comport with Rule 2.6.¹⁷

1.4. Project Justification and Reasonableness

ORA, TURN, SCGC, UCAN, Long Beach, and Sierra Club question the high cost of a new 36-inch pipeline and lack of analysis regarding alternatives. ORA, TURN, and Sierra Club suggest that the existing Line 1600 could be pressure tested and kept in service. Alternatively, TURN suggests that a smaller pipeline could be installed. ORA, Long Beach, SCGC, and Shell question the 45.3% increase in BTS rates and/or annual revenue requirement of \$82.7 million without sufficient justification.

1.5. Rate Impacts

Both ORA and SCGC express concerns that the potential North-South Pipeline BTS rate of 12.5 cents/Dth combined with the proposed project increase of 8.1 cents/Dth equates to a 116% increase in the BTS rate. Similarly, Long Beach and SCGC point out that the 17.3% BTS increase in the Phase 2 Triennial Cost Allocation proceeding (A.15-07-014) is not factored into any Line 3602 analysis.

¹⁶ UCAN Protest at 4.

¹⁷ According to Rule 2.6(b), "A protest objecting to the granting, in whole, or in part, of the authority sought in an application must state the facts or law constituting the grounds for the protest, the effect of the application on the protestant, and the reasons the protestant believes the application, or a part of it, is not justified."

1.6. PSEP Decision Tree¹⁸

ORA and Sierra Club point out that pressure testing of Line 1600 is the correct next step according to the PSEP decision tree and not immediate replacement of the pipeline. According to ORA, the “Applicants at least must provide an explanation as to why such measures would not work to avoid the need to shut down service during hydrotesting, or if the Applicants have deemed the measures too expensive, they must provide a showing demonstrating the cost differences.”¹⁹ ORA points out that PG&E recently stated that it has been able to pressure test the primary transmission line in the Santa Cruz area by providing alternative supply to serve customers during tests without disrupting service. ORA also reminds parties that the existing Line 1600 only serves 10% of San Diego demand or approximately 61 MMcfd.

In response to comments, Sempra acknowledges that pressure testing Line 1600 is technically possible, but also claims that such testing would be complicated and would not meet other objectives such as enhancing safety, reliability, and operational flexibility, and that Line 1600 cannot be removed from service with manageable customer impacts.²⁰

1.7. Natural Gas Fuel Choice

Both SCGC and the Sierra Club warn that California’s policies to reduce greenhouse emissions are likely to dampen demand for natural gas on the Southern System as well as across California. According to SCGC, the California

¹⁸ See D.14-06-007 “Decision Implementing a Safety Enhancement Plan and Approval Process for San Diego Gas and Electric Company and Southern California Gas Company; Denying the Proposed Cost Allocation for Safety Replacement Costs; and Adopting a Ratemaking Settlement,” Attachment 1.

¹⁹ ORA Protest at 5.

²⁰ Sempra Reply to Protests at 8-9.

Energy Commission report on future natural gas demand forecasts a reduction of 8% by 2020, an estimate that does not include a potential reduction from Senate Bill (SB) 350 which mandates a Renewable Portfolio Standard (RPS) of 50% for California electric utilities and doubling of energy efficiency savings by 2030.²¹

In response to comments, Sempra argues that the issues raised are beyond the scope of the proceeding and fail to comply with Rule 2.6(b).²²

1.8. Surplus Capacity Export Potential

As to the impact of legislation on fuel choices, both SCGC and Sierra Club state that in combination with the North-South Pipeline, the Proposed Project could avoid California's aggressive efforts to decarbonize its economy and simply export LNG from the U.S. Sierra Club believes that the environmental impacts of such a strategy need to be more fully explored. Similarly, ORA states that Sempra's failure to include estimated volumes of natural gas throughput is a red flag that throughput may not be large enough to justify construction of the pipeline, and that other motives, such as providing surplus capacity for future export to Costa Azul, are driving the project.²³ SCGC indicates that such a strategy is risky and could result in a costly stranded asset far before the end of its useful life. If stranded assets were to occur, SCGC suggests that any cost burden should be placed on shareholders rather than ratepayers.²⁴

In response to comments, Sempra argues that the issues raised are beyond the scope of the proceeding and fail to comply with Rule 2.6(b).

²¹ SCGC Protest at 6. See Sierra Club motion at 2.

²² Sempra Reply to Protests at 5-6.

²³ ORA Protest at 9.

²⁴ SCGC Protest at 7.

2. SDG&E and SoCalGas are Directed to File an Amended Application

We find that Sempra's application is deficient under the law and under Commission rules.

By March 21, 2016, Sempra shall file and serve an amended Application including the following requisite information. Without this information, the Application is deemed incomplete.

By April 21, 2016, parties shall file and serve protests and responses to the amended application; by April 29, 2016, parties shall serve and file replies.

2.1. Need/Cost Analysis Report Related to Wider Range of Alternatives

In an amended Application, Sempra shall include a needs analysis in compliance with Rule 3.1(e) and cost analysis comparing the project with any feasible alternative sources of power, in compliance with Section 1003(d) and Rule 3.1(f).

Rule 3.1(e) requires:

Facts showing that public convenience and necessity require, or will require, the proposed construction extension, and its operation.

Section 1003(d) states:

Every electrical and every gas corporation submitting an application to the commission for a certificate authorizing the new construction of any electric plant, line, or extension, or gas plant, line, or extension ... shall include all of the following information in the application in addition to any other required information ... (d) A cost analysis comparing the project with any feasible alternative sources of power.

Rule 3.1(f) requires:

A statement detailing the estimated cost of the proposed construction or extension and the estimated annual costs, both fixed and operating associated therewith. In the case of a utility which has not yet commenced service or which has been rendering service for less than 12 months, the applicant

shall file as part of the application supporting statements or exhibits showing that the proposed construction is in the public interest and whether it is economically feasible.

Sempra shall coordinate with CPUC Energy Division's (ED) Natural Gas and CEQA sections as soon as possible to discuss the scope of analysis and methodology.

ED may require that the Applicants extend the scope of analysis or refine the methodology after report filing based on cost analysis results, and follow-up deficiency items or data requests may be required to clarify the results. Further modifications to the scope of analysis or additional requests for information may be required based on findings or party requests during the A.15-09-013 proceeding and as deemed appropriate by the ALJ.

The analysis will quantify specific benefits including: (1) increased safety; (2) increased reliability; (3) increased operational flexibility; (4) increased system capacity; (5) increased ability for gas storage by line packing; (6) reduction in the price of gas for ratepayers; and (7) other benefits identified by the Applicant. All benefits must be quantified.

The analysis will apply quantifiable data to define the relative costs and benefits of the proposed project and, at a minimum, the range of alternatives identified in this Ruling. (For purposes of analysis, the cost analysis shall assume that each of the following alternatives are feasible and include an estimate of costs, both fixed and operating, as required by Rule 3.1(f).)

A) Proposed Project

As defined in PEA. Install a new 36-Inch pipeline (Line 3602) as proposed.

B) No Project Alternative

As defined in PEA, but more concisely, the Applicants would hydrotest Line 1600 in sections and only repair or replace pipeline segments as needed.

- C) Alternative Diameter Pipeline, Proposed Route
Not included in PEA. Include pipeline sizes in the analysis that range in diameter from 10 inches to 40 inches.
- D) Replace Line 1600 in Place with a 16-inch Pipeline
As defined in the PEA (i.e., replace Line 1600 in full without hydrotesting), but complete the replacement in sections to minimize customer impact.
- E) Non-Physical (Contractual) or Minimal-Footprint Solutions
Not included in PEA. Address multi-year contracting for capacity and supplies; Southern system minimum flow requirement; operational flow order/system balancing; and tariff discounts.
- F) Northern Baja Alternative
As defined in PEA.
- G) LNG Storage (Peak-Shaver) Alternative
Similar to the PEA's "United States - LNG Alternative" but at a smaller scale with LNG storage sited at or near natural gas peaker generation sites.
- H) Alternate Energy Alternatives
Not included in PEA. Address grid-scale battery/energy storage, smaller-scale battery storage, and other alternatives in the analysis that do not require the installation of a new gas transmission pipeline.
- I) Offshore Route Alternative
As defined in PEA.
- J) Cross-County Pipeline Route Alternatives
As defined in PEA. Address in the analysis each of the PEA's route alternatives that would extend from Riverside and Imperial counties to the San Diego area.

K) Second Pipeline along Line 3010 Alternative

As defined in PEA. A new 36-inch pipeline would be installed along the existing 30-inch Line 3010 alignment.

2.2. Safety Evaluation and Compliance Analysis

In its amended application, Sempra shall include information to address safety related issues:

- 1) Comprehensive review of data on the history of safety and reliability testing or incidences that would provide a view of the existing state of the existing pipeline;²⁵
- 2) A specific description of how the proposed pipeline meets or exceeds all applicable federal and state safety regulations, rules, and requirements;²⁶
- 3) A specific description of how the proposed pipeline management procedures and processes for the construction project provide public and worker safety during all phases of the project, including, but not limited to, trenching, construction/fabrication, testing, and initial operation; and
- 4) A specific description of adequate management procedures and processes for fully documenting, and retaining records and documents related to, initial design, materials procurement, employee and

²⁵ For example, *see* Sempra Reply to Protest at 9, Footnote 15, which states that “Line 1600 has been in-line tested except for a section of 14-inch diameter pipeline, which is scheduled for in-line inspection in the fourth quarter of 2015.”

²⁶ For example: automated valves designed and installed to isolate damaged segments within the same parameters included in SoCalGas and SDG&E’s Pipeline Safety Enhancement Plan, if crossing any earthquake faults; and, any additional design measures (i.e. increased depth, monitoring equipment, greater wall thickness, etc.) if any, which would exceed the minimum requirements of General Order (GO) 112-E and 49 CFR Part 192 (adopted by reference in GO 112-E).

contractor operator qualifications, construction, testing, and initial operation.²⁷

2.3. Rule 3.1 Construction of/or Extension of Facilities Requirements

In its amended application, Sempra shall also include information to comply with the Commission's Rules of Practice and Procedure including, but not limited to, Rules 3.1 (b), 3.1(c), 3.1(h), 3.1(i), 3.1(k)(1), 3.1(k)(1)(A), 3.1(k)(B), 3.1(k)(2), 3.1(k)(3), 3.1(k)(3)(A), 3.1(k)(3)(B), and 3.1(o):²⁸

- 1) The names and addresses of all utilities, corporations, persons or other entities, whether publicly or privately operated, with which the proposed construction is likely to compete, and of the cities and counties within which service will be rendered in the exercise of the requested certificate. Whenever a public utility applies to the Commission to extend or establish its water service within a county water district, a public utility or municipal utility district, or other water or utility district, or any area served by such district, such district shall also be named, if it furnishes a like service. The application shall contain a certification that a copy of the application has been served upon or mailed to each person named;
- 2) A map of suitable scale showing the location or route of the proposed construction or extension, and its relation to other public utilities, corporations, persons, or entities with which the same is likely to compete;

²⁷ As to Items 2), 3) and 4) under "Safety Evaluation and Compliance Analysis," see "Application of Southern California Gas Company and San Diego Gas & Electric Company for Authority to Recover North-South Project Revenue Requirement in Customer Rates and for Approval of Related Cost Allocation and Rate Design Proposals Assigned Commissioner's Scoping Memo and Ruling," at 13-14.

²⁸ According to Rule 3.1(o), Applications, under Section 1001 of the Public Utilities Code, to construct or extend facilities shall include "such additional information and data as may be necessary to a full understanding of the situation."

- 3) A statement of the proposed rates to be charged for the service to be rendered by means of such construction or extension including a scenario to include a potentially larger increase associated with the North-South application, A.13-12-013;
- 4) A statement corresponding to the statement required by Section 2 of GO No. 104-A, as to all known matters which both (a) are designated by said section for inclusion in the annual report but occurred or were proposed subsequent to the period covered by the last previous annual report filed by the applicant and (b) are, or will be, connected with the construction or extension proposed in the application; or, if no such matters are known to have so occurred or are then known to be proposed, a statement to that effect; provided, that an applicant whose capital stock, or that of its parent company, is listed on a "national securities exchange," as defined in the Securities Exchange Act of 1934 (15 U.S.C. 78(a) et seq.), in lieu of the statement required by this rule shall include in the application a copy of the latest proxy statement sent to stockholders by it or its parent company if not previously filed with the Commission, provided, further, that an applicant whose capital stock, or that of its parent company, is registered with the Securities and Exchange Commission (SEC) pursuant to the provisions of Section 12(g) of said SEC of 1934, in lieu of the statement required by this rule shall include in the application a copy of the latest proxy statement sent to stockholders by it or its parent company containing the information required by the rules of the SEC if not previously filed with the Commission;
- 5) Ten-year historic monthly volumes through Line 1600;
- 6) Ten-year historic daily and annual maximum volumes through Line 1600;
- 7) Ten-Year forecasted (maximum daily and annual average daily volumes in the area to be served by proposed Line 3602, including information on the

quality of gas and broken down by customer type (e.g., core, non-core commercial and industrial, and noncore electric generation);

- 8) A statement that copies of summaries of all contracts for delivery and receipt of gas to be transported via the proposed pipeline and information on the reserves and delivery life pertaining thereto will be made available for inspection on a confidential basis by the Commission or other authorized employee thereof. The terms and provisions of individual contracts for gas supply and data as to reserves or delivery life of individual gas suppliers shall not be required to be stated in the application or in the record of the proceedings, and if disclosed to the Commission or to any officer or employee of the Commission on a confidential basis as herein provided, shall not be made public or be open to public inspection;
- 9) A summary of the economic feasibility, the market requirements and other information showing the need for the new pipeline and supply;
- 10) Where the gas to be transported through the pipelines is to be purchased by the applicant from, or transported by the applicant for, an out-of-state supplier;
 - a. A copy of the proposed tariff under which the gas will be transported or purchased; and
 - b. A statement that the out-of-state pipeline has agreed:
 - (1) to file with this Commission copies of annual reports which it files with the Federal Power Commission;²⁹
 - (2) to file with the Commission monthly statements of its revenues, expenses, and rate base components;
 - (3) to file with this Commission copies of its tariffs as filed from time to time with the Federal Power Commission; and
 - (4) at all times to permit this

²⁹ The Federal Power Commission is now called the Federal Energy Regulatory Commission.

Commission or its staff reasonable opportunity for field inspection of facilities and examination of books and records, plus assurance that reasonable requests for operating information otherwise prepared in the course of business will be supplied in connection with any proceeding before the Federal Power Commission.

Other issues not addressed above (e.g., adherence to Section 1005.5, other needed information and data that may be necessary to a full understanding of the situation) shall be discussed at the PHC and/or be addressed in a Final Scoping Memo.

3. Status of the Application

ED provided a list of PEA deficiency items to the Applicants on October 30, 2015. The Applicants submitted responses from November 30, 2015 through December 21, 2015. ED found that there are information gaps in critical areas that would prevent preparation of an adequate environmental document in a timely manner. ED provided a second list of PEA deficiency items to the Applicants on December 30, 2015.

Among the critical information gaps is a deficiency that identifies the lack of formal acceptance by a Lead Agency for NEPA compliance. The proposed project would cross approximately 3.5 miles of land within United States Marine Corps (USMC) Air Station Miramar. If USMC accepts the role of NEPA Lead Agency, a formal Memorandum of Understanding (MOU) between the CPUC and USMC must be completed. As a first step toward completing the MOU, reimbursement arrangements between the Applicants and the NEPA Lead Agency must be finalized. The reimbursement arrangements are a critical first step toward ensuring that the NEPA Lead Agency has the opportunity to review sections of the PEA that are relevant to their selection of the required type of NEPA environmental document and its preparation; agree to using the

environmental consultants selected by the CPUC; identify research needs and data requests; and participate in all other early scheduling and planning activities required in joint processes for projects of regional or area-wide significance, including public scoping.

Although the CPUC and its consultant expect to prepare a joint environmental document, circulation of the Notice of Preparation and public scoping, which will be ED’s first CEQA milestone after deeming the PEA complete, cannot be planned without substantial involvement from the NEPA Lead Agency. Public scoping is also a NEPA process and for CEQA/NEPA joint processes, Article 14 of the CEQA Guidelines and the handbook, NEPA and CEQA: Integrating Federal and State Environmental Reviews (CEQA, OPR 2014), direct the Lead Agencies to conduct scoping and other planning processes as joint activities to the fullest extent possible.

Any delays the process encounters, including delays to the receipt of outstanding information from Sempra, would likely result in a delay in deeming the application complete. The PHC and other aspects of the Commission’s formal proceeding on this application will experience delays commensurate with any delays to the CEQA/NEPA process.

4. Pre-PHC Schedule

In response to comments, and in consideration of the status of the Application, the following is a pre-PHC schedule for this proceeding:

Actions / Milestones		Application (Proposed)	CPUC (Prelim.)
Formal Proceeding / CEQA/NEPA (ED Staff)			
✓	Application and PEA Filed	9/30/15	9/30/15
✓	<i>Deficiency Letter No. 1 to Applicant</i>	—	10/30/15
✓	<i>Applicant Responses</i>	—	11/30/15

			12/21/15
✓	<i>Deficiency Letter No. 2 to Applicant</i>	—	12/30/15
	Prehearing Conference	Dec 2015	—
	Ruling on Need for Amended Application	—	1/21/16
	Applicant Opening Testimony	1/15/16	—
	Intervenor Testimony	2/12/16	—
	Amended Application Filing (Need, Alternatives Cost Analysis, Safety, Rules of Practice and Procedure Compliance)	—	3/21/16
	Responses and Protests to Amended Application Filing		4/21/16
	Reply to Responses and Protests		4/29/16
	Application Deemed Complete		TBD
	<i>Response to Deficiency Items Due</i>		March 2016
	<i>PEA Deemed Complete</i>	10/30/15	TBD
	Prehearing Conference	—	May 2016

5. Timing of Prehearing Conference (PHC) and Opportunity to Participate in CEQA Review

Though the Application is not yet complete, ED has initiated its environmental review, and will continue with that review to the extent possible pending the receipt of additional information. As a part of the environmental review process, ED will give notice of preparation of an EIR, and will provide the opportunity for public review and comment as part of that process, as required by CEQA. The extent of public comment received on the draft EIR will dictate the length of time required to complete the Final EIR. Upon completion, the Final EIR will be admitted into the evidentiary record of this proceeding.

A PHC will be scheduled at a later date after the application is deemed complete. In the meantime, any person who wishes to present evidence on environmental impact issues must do so through participation in the CEQA review process.

Such persons may contact Commission Staff to be added directly to the CEQA review service list, at:

Rob Peterson, CPUC
c/o Peggy Farrell
Ecology and Environment, Inc.
505 Sansome St., Suite 300
San Francisco, CA 94111
pfarrell@ene.com

The CEQA review project website will be posted here:

<http://www.cpuc.ca.gov/General.aspx?id=4389>

IT IS RULED that:

1. San Diego Gas & Electric Company and Southern California Gas Company shall file and serve an amended application by March 21, 2016 that addresses deficiencies pursuant to California Public Utilities Code Sections 1001 and 1003(d), Rules 3.1 (b), 3.1(c), 3.1(e), 3.1(f), 3.1(h), 3.1(i), 3.1(k)(1), 3.1(k)(1)(A), 3.1(k)(B), 3.1(k)(2), 3.1(k)(3), 3.1(k)(3)(A), 3.1(k)(3)(B), and 3.1(o) of the Commission's Rules or Practice and Procedure; and safety evaluation and compliance analysis, as detailed in the Ruling.
2. By April 21, 2016, parties shall file and serve protests and responses to the amended application; by April 29, 2016, parties shall file and serve replies.
3. The final scope and schedule for this proceeding will be discussed at a Prehearing Conference that will be scheduled after the Amended Application is deemed complete.

4. Parties who wish to address environmental issues, e.g., environmental impacts and mitigation measures, must do so through the California Environmental Quality Act review process.

Dated January 22, 2016, at San Francisco, California.

/s/ LIANE M. RANDOLPH

Liane M. Randolph
Commissioner

/s/ COLETTE E. KERSTEN

Colette E. Kersten
Administrative Law Judge