Application No: A.13-12-013
Exhibit No.:
Witness: David M. Bisi

Application of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) For Authority To Recover North-South Project Revenue Requirement In Customer Rates And For Approval Of Related Cost Allocation And Rate Design Proposals	A.13-12-013 (Filed December 20, 2013)

PREPARED REBUTTAL TESTIMONY ON RATESETTING AND SAFETY OF

DAVID M. BISI

SAN DIEGO GAS & ELECTRC COMPANY

AND

SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

June 12, 2015

TABLE OF CONTENTS

PREPARED REBUTTAL TESTIMONY ON RATESETTING AND SAFETY OF DAVID M. BISI

I. PURPOSE

The purpose of my rebuttal testimony is to rebut certain statements regarding SoCalGas and SDG&E's North South Project presented in the May 8, 2015 testimonies of Transwestern Pipeline Company (Transwestern), the Office of Ratepayer Advocates (ORA), the City of Long Beach Gas & Oil Department (Long Beach), and the Southern California Generation Coalition (SCGC).

II. THE LOW OFO PROCEDURE WILL HELP BRING IN ADEQUATE SUPPLIES ON A SYSTEM-WIDE BASIS, BUT NOT ON THE SOUTHERN SYSTEM

Long Beach,[1] Transwestern[2] and ORA,[3] like El Paso Natural Gas Company, LLC (El Paso) before them,[4] challenge the need for the North-South Project based on the premise that it would not have prevented past curtailment events, particularly those resulting from a lack of supply system-wide. As SoCalGas and SDG&E explained in our rebuttal on the project alternatives, the North-South Project is not intended by itself to solve all operational and customer problems on our gas transmission system.[5] The North-South Project is designed to transport supplies from SoCalGas storage and the SoCalGas Northern System to the Southern System; it stands to reason that this requires sufficient supply to be available from storage and on the Northern System. Intervenors find fault that the North-South Project does not perform both functions, yet ORA recognizes that SoCalGas and SDG&E's low Operational Flow Order (Low

[1] Testimony of Mark Fulmer on behalf of City of Long Beach Gas and Oil Department, dated May 8, 2015, page 6.
[2] Direct Testimony on Ratesetting Issues of Steven Hearn on behalf of Transwestern Pipeline Company LLC, dated May 8, 2015, page 5.
[3] Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 52.
[4] Prepared Updated Intervenor Testimony of Anthony M. Sanabria, dated March 23, 2015, pages 5-6.
[5] Prepared Rebuttal Testimony on Project Alternatives of David M. Bisi, dated May 8, 2005, page 3.

OFO) procedure will insure that sufficient supply will be available on the Northern System to transport to the Southern System via the North-South Project.[6] Transwestern also admits that our Low OFO proposal is "the best way to solve SoCalGas' reliability-of-supply issues."[7] And on June 11, 2015, the Commission approved our Low OFO proposal.

While the Low OFO procedures will help bring additional supplies to the SoCalGas and SDG&E system *as a whole*, it will not provide for more supply to be delivered to the Southern System. Because the Southern System receipt points are underutilized for a variety of reasons as explained in our application, SoCalGas and SDG&E could still experience scenarios where sufficient supplies are delivered to our Northern System receipt points under a Low OFO event, while Southern System receipt points remain underutilized. SoCalGas and SDG&E's North-South Project will help remedy that situation by allowing those Northern System supplies and storage supplies to be delivered to the Southern System.

III. STORAGE SUPPLIES ARE VALUABLE AND PROVIDE NEEDED LEVELS OF RELIABILITY

In an attempt to devalue the role that storage supplies provide to the North-South Project, Transwestern claims that SoCalGas' storage supplies are unreliable,[8] most likely because Transwestern's alternative to the North-South Project provides no access to our storage supplies. In support of this claim, Transwestern references a SoCalGas posting made in September 2014 specifying the minimum storage inventory levels needed to maintain core reliability (the "Peak Day Minimum Inventory Levels") through the upcoming 2014-15 winter operating season, and

[6] Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 88: "By itself, the North-South Project will not make a difference in periods of stress on the system, since the Project needs the Low OFO to be authorized and in place."

[7] Direct Testimony on Ratesetting Issues of Steven Hearn on behalf of Transwestern Pipeline Company LLC, dated May 8, 2015, page 7.

[8] Direct Testimony on Ratesetting Issues of Steven Hearn on behalf of Transwestern Pipeline Company LLC, dated May 8, 2015, page 6.

explaining that these levels are higher than in past years due to a loss of low-inventory deliverability at our storage fields. Transwestern then compares this against the SoCalGas storage inventory levels for the 2013-14 winter operating season (November 2013 through March 2014), and concludes that SoCalGas compromised core reliability.[9]

Transwestern's logic is flawed. SoCalGas continuously assesses its system capacities, and revised its storage deliverability capacities in advance of the 2014-15 winter operating season, *six months* after the conclusion of the 2013-14 winter operating season and the inventory data cited by Transwestern. During the 2013-14 winter operating season, SoCalGas' storage inventory levels never fell below the Peak Day Minimum Inventory Levels,[10] and our storage fields were fully capable of providing the necessary level of reliability to our core customers.

Even if the Peak Day Minimum Inventory Levels in 2013-14 had been as high as those needed in 2014-15, core reliability would even then have not been compromised. Per the Winter Balancing Rules that were in effect at the time, 70% or even 90% daily balancing would have been required of customers had storage levels approached the Peak Day Minimum Inventory Levels. This would have resulted in additional flowing supplies delivered to the SoCalGas system, and core reliability would have been maintained.

IV. THE NORTH-SOUTH PROJECT MEETS SYSTEM REQUIREMENTS AND WILL HELP MAINTAIN SYSTEM INTEGRITY

ORA complains that the requirement to deliver 100 MMcfd at Blythe under the project's assumed design parameters is an "indication that the North-South project does not directly address the purported reliability issues justifying it."[11] However, ORA goes on to state that SoCalGas and SDG&E based the project need on "a higher set of demand criteria different from

[9] Id.
[10] SoCalGas Envoy at https://scgenvoy.sempra.com/.
[11] Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 44.

the Commission's standard design"[12] and have "inflated" the project need by "344 MDth/d above the standard."[13]

ORA cannot have it both ways. It cannot complain that the North-South Project does not meet its reliability goal because it requires supply delivered at Blythe under the design condition, while complaining that the design condition is too high. If ORA believes that the design condition is too high, then it must logically conclude that the project in fact *does* meet SoCalGas and SDG&E's reliability goals since no gas supply at Blythe would be required under a lower demand condition.

The 100 MMcfd that could be needed at Blythe is not a standing minimum flow requirement applicable to every day of the year, as ORA seems to believe when it states "If the minimum flow requirement of 100 MMcfd at Blythe is necessary even with the construction of the North-South Project, it is an indication that the North-South Project does not directly address the purported reliability issues justifying it."[14] Supply delivered at Blythe will only be necessary during periods of extreme sendout, such as that evaluated with our design condition.

In a similar vein, Transwestern complains that SoCalGas and SDG&E provided no analysis that the North-South Project can maintain system integrity under more typical design conditions, or any other design condition, such as extreme heat or cold winter weather combined with low hydro availability.[15] However, Transwestern appears to have no issues accepting the fact that the North-South Project can maintain system integrity under the assumed design condition: a 1-in-10 year temperature condition for the core customer segment and connected

[12] Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 68.
[13] Id.
[14] Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 44.
[15] Direct Testimony on Ratesetting Issues of Steven Hearn on behalf of Transwestern Pipeline Company LLC, dated May 8, 2015, page 8.

capacity for existing large noncore customers.[16] Regardless of any assumption Transwestern would like to use for the availability of imported hydroelectric generated power supplies, that resulting level of on-system electric generation demand *cannot by definition* be any greater than the connected capacities of the electric generator plants. Therefore, because the North-South Project can maintain system integrity under the winter design condition assumed, which included the *connected capacity for the electric generators*, it could also maintain system integrity under *any* level of electric generator demand with an assumed level of hydro-electric supplies.

Furthermore, the SoCalGas and SDG&E system are still *winter* peaking systems. Peak summer demand, even under an extreme heat condition, is still less than peak winter demand. Again, because the North-South Project can maintain system integrity under the assumed higher-level winter demand condition, it can also maintain system integrity under *any* summer demand scenario.

Transwestern also claims that the North-South Project somehow fails to provide reliable service to SoCalGas customers located east of Moreno because 100 MMcfd of supply is required at Blythe under the assumed demand condition when the Moreno-Whitewater pipeline was eliminated from the project scope.[17] This is incorrect. SoCalGas and SDG&E have already explained both herein and in our updated direct testimony that the demand condition which would require 100 MMcfd delivered at Blythe even with the construction of the North-South Project is approximately 300 MMcfd greater than our simple 1-in-10 year cold day demand forecast.[18] Given the cost of the Moreno-Whitewater pipeline and the frequency of this assumed

[16] Updated Direct Testimony of David M. Bisi, dated November 12, 2014, page 8.
[17] Direct Testimony on Ratesetting Issues of Steven Hearn on behalf of Transwestern Pipeline Company LLC, dated May 8, 2015, page 9.
[18] Updated Direct Testimony of David M. Bisi, dated November 12, 2014, page 10, footnote 5.

demand condition, SoCalGas and SDG&E believe that the elimination of this pipeline is prudent and still provides sufficient reliability for our customers east of Moreno.

V. THE NORTH-SOUTH PROJECT CANNOT PROVIDE SUPPORT TO THE SOUTHERN SYSTEM AND SERVICE TO MEXICO

SCGC expresses a concern that the North-South Project, when combined with a future SDG&E and SoCalGas proposal to construct a new 36-inch pipeline in San Diego County ("Line 3602," which was found to be a separate, distinct, and independent project from the North-South Project),[19] could "enable large quantities of gas to be delivered on a firm basis across the Applicant's transmission systems and exported into Baja California,"[20] either for "ultimate delivery to a liquefied natural gas ("LNG") export facility at Sempra's LNG Costa Azul terminal in Baja California"[21] or "to serve the growing demand for natural gas to be burned in electric generation ("EG") plants in Baja California."[22]

It is interesting that SCGC would note the "growing demand for natural gas to be burned in electric generation plants in Baja California" because diversion of supply from the SoCalGas system for that reason is one of the reasons why SoCalGas and SDG&E have proposed the North-South Project. From our Application:

> [S]ubstantial future increases in exports of natural gas from the United States to Mexico are likely, and many of those volumes are likely to flow to Mexico via El Paso's South Mainline. These substantial future flows to Mexico over the El Paso South Mainline will likely further reduce flows into Blythe.[23]
>
> . . .
>
> Currently, the Southern System is essentially dependent on a single receipt point, Blythe, which customers generally do not wish to use for economic reasons. This single receipt

[19] A.13-12-013, Assigned Commissioner's Amended Scoping Memo and Ruling, dated March 9, 2015.
[20] Direct Testimony of Catherine E. Yap on behalf of Southern California Generation Coalition dated May 8, 2015, page, 13.
[21] Id.
[22] Id.
[23] Updated Direct Testimony of Gwen Marelli, dated November 12, 2014, page 6.

> point is likely to become even more underutilized in the future, potentially resulting in both higher system support purchases by the System Operator and higher prices for the gas we are able to purchase.[24]
>
> . . .
>
> [T]he North-South Project is the best physical response to long-term Southern System reliability needs.[25]

SCGC's fears regarding the North-South Project's ability to transport supplies to Mexico are unwarranted. There is simply not enough capacity created by the North-South Project to meet the needs of the Southern System and also provide service to customers in Mexico. Furthermore, the process to construct Line 3602 and seek recovery has not yet begun, and without Line 3602, the SDG&E system remains capacity constrained and subject to our open season process and use-or-pay requirements. In addition, SoCalGas and SDG&E no longer have the facilities in place to provide service to any customer in Mexico at Otay Mesa.

If Line 3602 is constructed, and SDG&E reinstalls the necessary equipment to serve Mexican customers at Otay Mesa, it would benefit SoCalGas and SDG&E ratepayers to fully utilize assets and increase throughput on the system. However, the North-South Project is being proposed to support the needs of the Southern System, and is of a determinant capacity. SoCalGas and SDG&E fully expect that this improvement will be used for the purposes put forth in our application, even if service to Mexico happens at some point in the future.

VI. APPEARANCES ARE DECEIVING WITH EL PASO'S ALTERNATIVE

TURN appears to be under the mistaken impression that El Paso's proposed alternative to the North-South Project would be less costly and provide the same storage-based supply

[24] Id., page 20.
[25] Id., page 25.

reliability as the North-South Project.[26] It is very easy to make that mistake because El Paso made some critical and erroneous assumptions which SoCalGas and SDG&E corrected in our rebuttal testimony:

> In its testimony, El Paso states: "To accommodate additional supply sources, including SoCalGas storage, EPNG, in collaboration with Mojave, could transport natural gas from SoCalGas at Wheeler Ridge and Kramer Junction"[27] and "No additional facilities in California would be required to facilitate this additional firm capability."[28] In response to SoCalGas' and SDG&E's first set of data requests, El Paso provided further information regarding these statements:
>
> > SoCalGas currently has two interconnects with Mojave Pipeline in California; Wheeler Ridger (sic) and Kramer Junction. These interconnects are used to move gas from existing interstate pipelines to fill SoCalGas' storage. EPNG believes this gas could be transported from these locations east on Mojave to the existing Topock Interconnect on EPNG. With the planned enhancements submitted as part of the EPNG Alternative, the gas could then be transported on EPNG via the expanded Havasu Lateral for delivery to SDG&E at the existing Ehrenberg interconnect.[29]
>
> El Paso is correct in that SoCalGas does have two interconnects with the Kern/Mojave common pipeline at Wheeler Ridge and at Kramer Junction. However, El Paso is not correct in its statement that "No additional facilities in California would be required" in order for this operation. El Paso assumes that SoCalGas can effectuate physical delivery into the Kern/Mojave common pipeline in sufficient volumes for their alternative to replace the North-South Project without any improvement on the SoCalGas system; this assumption is wrong.
>
> In order to deliver 800 MMcfd of storage supplies to the Kern/Mojave common pipeline at Wheeler Ridge for El Paso to transport to the Southern System via the Mojave Pipeline and its own system under the same demand condition used in our Application, SoCalGas would need to make the following improvements on its system:
>
> - Install 53 miles of 30-inch diameter pipeline between the Newberry compressor station and the Adelanto compressor station
> - Install 59 miles of 30-inch diameter pipeline between the Quigley Pressure Limiting Station and the Wheeler Ridge compressor station

[26] Prepared Direct Testimony of Herbert Emmrich on Cost Allocation and Rates on behalf of The Utility Reform Network, dated May 8, 2015, page 2.
[27] Prepared Intervenor Testimony of Anthony M. Sanabria, dated August 15, 2014, page 6 (emphasis added).
[28] Id.
[29] El Paso Response to Question 23 in SoCalGas and SDG&E first set of data requests.

- Rebuild the Adelanto compressor station with 30,000 horsepower
- Add 21,000 horsepower to the Wheeler Ridge compressor station for an assumed 930 psig delivery pressure to the Kern/Mojave pipeline
- Expand the Honor Rancho storage field withdrawal capacity by 500 MMcfd
- Install valving, controls, and metering at the Wheeler Ridge compressor station for physical redelivery of gas supply to the Kern/Mojave pipeline

A direct cost estimate for these improvements, based on historical cost data, is approximately $890 million.

For physical deliveries to the Kern/Mojave pipeline at the Kramer Junction interconnect, the following improvements are needed on the SoCalGas system:

- Install 53 miles of 30-inch diameter pipeline between the Newberry compressor station and the Adelanto compressor station
- Install 7 miles of 30-inch diameter pipeline between the Quigley Pressure Limiting Station and the Honor Rancho storage field
- Rebuild the Adelanto compressor station with 38,000 horsepower for an assumed 930 psig delivery pressure to the Kern/Mojave pipeline
- Expand the Honor Rancho storage field withdrawal capacity by 500 MMcfd
- Install valving, controls, and metering at Kramer Junction for physical redelivery of gas supply to the Kern/Mojave pipeline

A direct cost estimate for these improvements, based on historical cost data, is approximately $620 million.[30]

Clearly, these costs are significant. It should not give the Commission comfort that El Paso seems to have overlooked these costs in their alternate proposal – particularly since El Paso has been circumspect regarding the investments they would make on their system to insure reliable supply is delivered to the SoCalGas Southern System. Table 1 of El Paso's Prepared Intervenor Testimony listed three options that presumably build on each other to deliver volumes ranging from 300-800 MMcfd to the Southern System, but El Paso does not specify the facility investments necessary to provide each service level – their testimony only says "looping of its Havasu Crossover in La Paz County, Arizona with a 42-inch diameter pipeline and the installation of compression facilities along the pipeline loop in Arizona."31 El Paso has provided no details regarding how it would scale its project from 300 to 800 MMcfd, such as how much pipeline and compression needs to be installed for each level of supply. El Paso's rationale is that "the Annual Revenue Requirements set forth in the Prepared Intervenor Testimony of Anthony M.

[30] As discussed further in the Rebuttal Testimony of Mr. Buczkowski (pages 2-3), dated May 8, 2015, these cost estimates are not of the same quality as the cost estimate that SoCalGas and SDG&E presented in our Application for the North-South Project; however, SoCalGas and SDG&E would not expect these costs estimates to be lower than this figure with further assessment – costs would likely increase as a result of additional study.

[31] Prepared Intervenor Testimony of Anthony M. Sanabria, dated August 15, 2014, page 5.

> Sanabria are firm (subject to approval by the appropriate management, management committee, and/or board of directors of EPNG and/or its parent companies). EPNG is willing to accept all financial risk if its project costs increase and would not seek to increase the Annual Revenue Requirements set forth in Table 1."[32]
>
> Since El Paso neglected to include the costs to access storage supplies for a project that it advertised as having access to SoCalGas' storage supplies, the Commission should question whether there are other costs that El Paso also failed to include which would negate El Paso's ability to provide the services it describes. Given the opaque nature that El Paso has chosen to present its alternative to the Commission, it will be very hard for anyone to make that independent judgement.[33]

El Paso's proposal is only less costly when a key component of the North-South Project – namely access to SoCalGas' storage supplies, which El Paso erroneously included as feature of its alternative – is neglected from the comparison.

VII. NONE OF THE ALTERNATIVES ARE EQUIVALENT TO THE NORTH-SOUTH PROJECT

Long Beach opines that the "[physical] alternatives proposed by the three interstate pipeline companies could provide the same benefits as the North-South Project at lower overall costs and lower ratepayer cost and risk."[34] This is incorrect. None of the intervenor alternate proposals would be able to access supplies delivered at all of the Northern Desert and Wheeler Ridge Zone receipt points. None of the intervenor alternate proposals have access to SoCalGas' storage supplies. None of the intervenor alternate proposals expand the system receipt capacity. These failings of the intervenor alternate proposals are all benefits that are provided by the North-South Project.

SCGC also speculates that a GRC proposal to loop Transmission Line 2001 between the Chino crossover and Moreno Station could "substantially increase SoCalGas' ability to flow gas

[32] El Paso Response to Question 1 in SoCalGas and SDG&E first set of data requests.
[33] Prepared Rebuttal Testimony on Project Alternatives of David M Bisi, dated May 8, 2015, pages 4-7.
[34] Testimony of Mark Fulmer on behalf of City of Long Beach Gas and Oil Department, dated May 8, 2015, page 7.

from Chino to Moreno"[35] and negate the need for the North-South Project. The primary benefit of this GRC project will be to reduce the pressure loss between the Chino crossover and Moreno compressor station. And in theory, it could provide incremental throughput between Chino and Moreno with the current level of pressure loss between these two points.

While there may be some small amount of incremental throughput provided by this project, that quantity will vary day-to-day and is dependent upon changing system conditions. It will not, however, be equivalent to the 800 MMcfd of throughput capacity provided by the North-South Project for the simple reason that Transmission Lines 4000 and 4002, which supply the Chino crossover, do not have that level of excess capacity available.

VIII. EXPANSION OF RECEIPT POINT CAPACITIES IS A SECONDARY BENEFIT TO THE NORTH-SOUTH PROJECT

ORA states "In testimony, Applicants explain a preference for the [North-South] Project over the other two alternatives they considered because it expands SoCalGas' firm backbone capacity."[36] ORA is mistaken. SoCalGas and SDG&E prefer our North-South Project for a number of reasons that have been clearly communicated through our direct and rebuttal testimony. But we have repeatedly stated that the expansion of system receipt capacity that the North-South Project would provide is something that our customers and shippers may appreciate, but is not something that we feel is needed:

> Again, increased receipt capacity was not a problem that SoCalGas was seeking to solve with any of these three pipelines, but is rather an added benefit that the market and our customers may appreciate. SoCalGas believes that its current receipt capacity of 3,875 MMcfd is sufficient to meet the long term demand requirements of our customers and also provides a sufficient level of excess, or "slack", capacity per Commission guidelines.[37]

[35] Direct Testimony of Catherine E. Yap on behalf of Southern California Generation Coalition dated May 8, 2015, page 12.
[36] Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 47.
[37] Updated Direct Testimony of David M. Bisi, dated November 12, 2014, page 16.

. . .

> SoCalGas and SDG&E note once again that an increase in receipt capacity is not the primary driver for the North-South Project, nor does that incremental receipt capacity address any existing problem on the SoCalGas and SDG&E system. The primary driver for the North-South Project is to get physical supply to the Southern System. We currently have sufficient receipt capacity on our system to meet our customers' needs and the Commission's desire to retain a sufficient level of excess capacity. The issue is that customers have the flexibility to deliver gas anywhere on our system, and they have historically chosen not to deliver enough to the Southern System. The Commission should not give undue weight to the capacity issue and allow it to be distracted from the primary purpose of our application – namely providing support to an area of our system that is overly dependent upon a single supply source.[38]

ORA goes on to say that "Applicants have failed to show a need for expanded SoCalGas firm backbone capacity in order to address Southern System reliability issues."[39] There is no failure by SoCalGas and SDG&E in this regard because an expansion of our firm receipt capacity is not needed to address Southern System reliability issues. We are proposing the North-South Project to address supply-related issues, not capacity-related issues.

IX. TRANSWESTERN'S PROJECT DOES NOT EXPAND THE SYSTEM RECEIPT CAPACITY

Transwestern states that their project will also expand the system receipt capacity as the North-South Project does. They base this assertion on the fact that the Northern System is frequently constrained (in terms of receiving supply, not serving customers) whereas the Southern System receipt capacity is underutilized.[40] Transwestern is wrong. For the sake of this discussion, SoCalGas and SDG&E will assume that the Transwestern alternative can in fact transport 800 MMcfd of supply to our Blythe receipt point on the Southern System as Transwestern claims, and we agree that the Northern System receipt points are more fully utilized than those on the Southern System.

---

[38] Prepared Rebuttal Testimony on Project Alternatives of David M. Bisi, dated May 8, 2015, page 2.
[39] Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 48.
[40] Direct Testimony on Ratesetting Issues of Steven Hearn on behalf of Transwestern Pipeline Company LLC, dated May 8, 2015, page 12.

However, Transwestern is confusing the capacity of the upstream pipelines to deliver gas supply *to* the SoCalGas receipt points with the capacity of the SoCalGas system to transport those supplies *away* from the receipt points. Because the Transwestern alternative interconnects with the Southern System upstream of the Blythe compressor station, and the Blythe compressor station is limited to 1,210 MMcfd of throughput, the Transwestern alternative does not and cannot increase the Blythe receipt point or the system receipt capacities – all receipt point capacities remain exactly the same, regardless of how much supply is available on the upstream side of the receipt point.

And to be clear – SoCalGas and SDG&E are once again stating that an increase in system receipt capacity was *not* a driver for the North-South Project. SoCalGas and SDG&E believe that our current level of receipt capacity is sufficient.

X. THE COMMISSION SHOULD NOT ORDER ANYTHING REGARDING THE MORENO-WHITEWATER PIPELINE

ORA requests that the Commission order the Applicants to categorically confirm the permanent non-pursuit of the Moreno-Whitewater pipeline in any future application.[41] ORA's demand is short-sighted and unnecessary.

In November of 2014, SoCalGas and SDG&E explained that the Moreno-Whitewater pipeline is no longer part of their North-South Project. In our February 2, 2015 Answers to Questions in Administrative Law Judge's Ruling, we confirmed that this removal is permanent:

> SoCalGas and SDG&E do not have any plans to pursue the Moreno to Whitewater pipeline now or in the foreseeable future. Moreover, given what we currently know about demand on the Southern System, we do not envision a situation in which the benefits that would be provided by this physical system improvement could not be provided some other way at less cost.[42]

[41] Prepared Testimony of Office of Ratepayer Advocates, dated May 8, 2015, page 3.
[42] SoCalGas and SDG&E's February 2, 2015 Answers to Questions in Administrative Law Judge's Ruling, at p. 19.

This confirmation should be enough for the Commission. The Moreno-Whitewater pipeline is clearly no longer part of the North-South Project.

If would not make sense, however, for the Commission to require SoCalGas and SDG&E to confirm that they will never, ever pursue Moreno-Whitewater under any conceivable circumstances. None of us know what the future will bring, and it serves no one's interest for the Commission to exclude a particular project that may be necessary to improve operations, customer service, or system reliability at some point in the unforeseen future. SoCalGas and SDG&E have already made clear that the Moreno-Whitewater pipeline is not part of this application, and that should be sufficient. The Commission should categorically reject ORA's request.

This concludes my prepared rebuttal testimony on ratesetting and safety issues.