

and engineering. For more information about ORA, please call (415) 703-1584, email [ora@cpuc.ca.gov](mailto:ora@cpuc.ca.gov) or visit ORA's website at [www.ora.ca.gov](http://www.ora.ca.gov).

## STAY INFORMED

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at: <http://subscribecpuc.cpuc.ca.gov/>.

If you would like to learn how you can participate in the proceeding, have informal comments, or if you have questions about the CPUC processes, you may access the CPUC's Public Advisor's Office (PAO) webpage at <http://consumers.cpuc.ca.gov/pao/>. You may also contact the PAO as follows:

Mail: CPUC  
Public Advisor's Office  
505 Van Ness Avenue  
San Francisco, CA 94102

Email: [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov)

Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074

TTY: 1-866-836-7825 (toll-free) or 1-415-703-5282

Please reference **SDG&E's Pipeline Safety & Reliability Project Application No. 15-09-013** in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and made available for review for the assigned Judge, the Commissioners, and appropriate CPUC staff.



Para más detalles en Español llame al 1-800-311-7343

## NOTIFICATION OF SAN DIEGO GAS & ELECTRIC COMPANY'S REQUEST TO INCREASE RATES FOR THE PIPELINE SAFETY & RELIABILITY PROJECT APPLICATION FILING NO. A.15-09-013

On September 30, 2015, San Diego Gas & Electric Company (SDG&E®) and Southern California Gas Company (SoCalGas®) filed its Pipeline Safety & Reliability Project Application (A.15-09-013) (Project) with the California Public Utilities Commission (CPUC) seeking approval to increase rates for costs related to the implementation of the \$596 million project. This application will also address cost allocation and rate design proposals. On March 21, 2016, at the direction of the CPUC, SDG&E filed an amendment to its application. This amendment requires a cost analysis, safety and compliance analysis, and information regarding construction or extension of utility facilities in compliance with Rule 3.1 of the CPUC's Rules of Practice and Procedure.

The amended application seeks an additional \$37 million to include updated cost estimates, including costs to lower the pressure of Line 1600 (L1600). In total, SDG&E and SoCalGas are requesting \$633 million for the Project.

## PURPOSE OF PROJECT

The purpose of the Pipeline Safety & Reliability Project is to construct a new natural gas pipeline and associated facilities in San Diego County. Listed below are the three fundamental objectives for the SDG&E and SoCalGas integrated natural gas transmission system.

1. Natural gas pipeline safety requirements for transmission L1600 and modernization of the system.
2. Improvement of system reliability by minimizing dependence on a single pipeline.
3. Enhanced operational flexibility during high gas demand periods by increasing system capacity.

## PROJECT DESCRIPTION AND LOCATION

The Pipeline Safety & Reliability Project involves the construction of a new approximately 47-mile-long, 36-inch-diameter natural gas transmission pipeline in San Diego County. The new pipeline will carry natural gas from SDG&E's existing Rainbow Metering Station near the Riverside County line to Marine Corps Air Station (MCAS) Miramar. In addition to the pipeline, the Project will include natural gas facilities. These facilities will include mainline valves, metering equipment, pressure-limiting equipment, in-line inspection equipment,

*(Continued inside)*

corrosion protection systems, and intrusion detection and leak monitoring systems. Once the new line is constructed, the existing L1600 would be used for distribution and would operate at a lower pressure. The Project will cost approximately \$633 million and take approximately 18 months to construct after receiving necessary approvals.

### ILLUSTRATIVE IMPACT ON GAS RATES AND BILLS

If the CPUC approves the amended application, and once the Project is complete, a residential customer who uses the system wide average of 26 therms per month will see an increase of 57 cents, from the current \$32.96 per month to \$33.53 per month. The impact on each customer and customer class will vary depending on individual usage and the final decision.

If approved, the proposed project would be allocated to the Backbone Transmission Service (BTS) rate<sup>(1)</sup>, which would increase by \$0.008 per therm/per day, from \$0.016 per therm/per day to \$0.024 per therm/per day. The additional L1600 costs would be allocated to Transportation rates. These increases would result in approximate bundled rate impacts as follows<sup>(2)</sup>:

| Customer Class                                  | Current Bundled Rate (BTS and Gas) (\$/th) | Proposed Bundled Rate (BTS, L1600 and Gas) Increase Impact (\$/th) | Total Rate Increase (\$/th) | Percentage Rate Increase (%) |
|---|--|--|-----------------------------|------------------------------|
| <b>Core</b>                                     |  |  |                             |                              |
| Residential                                     | \$1.269                                    | \$1.291  | \$0.022                     | 1.7%                         |
| C&I <sup>3</sup>                                | \$0.742                                    | \$0.754  | \$0.012                     | 1.6%                         |
| Natural Gas Vehicle                             | \$0.552                                    | \$0.560  | \$0.008                     | 1.5%                         |
| <b>Noncore</b>                                  |  |  |                             |                              |
| C&I <sup>3</sup> - Distribution                 | \$0.410                                    | \$0.420  | \$0.010                     | 2.4%                         |
| C&I <sup>3</sup> - Transmission Line Service    | \$0.335                                    | \$0.343  | \$0.008                     | 2.5%                         |
| Electric Generation - Distribution              | \$0.372                                    | \$0.380  | \$0.008                     | 2.3%                         |
| Electric Generation - Transmission Line Service | \$0.328                                    | \$0.336  | \$0.008                     | 2.5%                         |

<sup>1</sup> BTS are rights that customers may purchase to transport gas over the backbone system to the SoCalGas Citygate and are recovered through the procurement rate. All customers are charged BTS. Core customers who purchase gas supplies from SoCalGas will have BTS included in the gas commodity rate. Customers that do not purchase gas supplies from SoCalGas may purchase BTS directly from SoCalGas.

<sup>2</sup> The table reflects a direct impact to end-use customers based on the proposed increase in the BTS rate. The bundled rates include an example average gas commodity price of \$0.315 per therm. Since the BTS rate and the gas commodity price are market based rates, each customer's impact will be unique to their situation.

<sup>3</sup> C&I is the abbreviation for Commercial & Industrial

*The impact on each customer and each customer class could vary depending on individual usage and the CPUC's final decision.*

### FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Shirley Amrany, Regulatory Business Manager, San Diego Gas & Electric Company, 555 W. Fifth St., GT14D6, Los Angeles, CA 90013-1011. SDG&E will provide a copy of this application upon request. SDG&E's application and attachments may be reviewed at the CPUC's Central Files Office by appointment. For more information, please contact them at aljcentralfilesid@cpuc.ca.gov or (415) 703-2045. A copy of this application may be reviewed at the following SDG&E business offices:

|  |   |  |
|--|---|--|
| 436 H St.<br>Chula Vista, CA 91910             | 104 N. Johnson Ave.<br>El Cajon, CA 92020 | 644 W. Mission Ave.<br>Escondido, CA 92025     |
| 2405 E. Plaza Blvd.<br>National City, CA 91950 | 336 Euclid Ave.<br>San Diego, CA 92114    | 2604-B S. El Camino Real<br>Carlsbad, CA 92008 |
| 440 Beech St.<br>San Diego, CA 92101           |   |  |

The application is available electronically on SDG&E's website at [www.sdge.com/proceedings](http://www.sdge.com/proceedings).

Copies of this insert will be available for viewing and printing on SDG&E's website at [www.sdge.com/regulatory-notices](http://www.sdge.com/regulatory-notices).

### CPUC PROCESS

This application has been assigned to an Administrative Law Judge (Judge) who will determine how to receive evidence and other related documents, necessary for the CPUC to establish a record upon which to base its decision. Evidentiary Hearings (EHs) may be held where parties of record will present their testimony and may be subject to cross-examination by other parties. These EHs are open to the public, but only those who are parties of record can participate.

After considering all proposals and evidence presented during the formal hearing process, the assigned Judge will issue a proposed decision which may adopt SDG&E's proposal, modify it or deny it. Any CPUC Commissioner may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a scheduled CPUC Voting Meeting.

The Office of Ratepayer Advocates (ORA) may review this Application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting