



SOUTHERN CALIFORNIA  
**EDISON**

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March 31, 2005

Administrative Law Judge Charlotte TerKeurst  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Re: I. 02-11-040

Dear Judge TerKeurst:

Southern California Edison Company ("SCE") submits this letter to you to seek a procedural clarification concerning the scope of discovery permitted at this stage of the proceeding. The procedural clarification is necessary to resolve a threshold issue concerning discovery SCE is now seeking from Southern California Gas Company ("SoCalGas"), San Diego Gas & Electric Company ("SDG&E"), and their parent company, Sempra Energy Corporation ("Sempra Energy").

In particular, SoCalGas, SDG&E, and Sempra Energy have objected to a number of new discovery requests from SCE on the ground that the requests seek information relevant only to Scoping Memo Issue No. 1, and are improper because the deadline for discovery on Scoping Memo Issue No. 1 has supposedly passed, prohibiting further discovery on that issue.<sup>1</sup> SoCalGas, SDG&E, and Sempra Energy further assert that Scoping Memo Issue No. 1 has been fully adjudicated in Phase I.A and thus take the position that discovery on only Scoping Memo Issue No. 2 is permitted.<sup>2</sup> SCE disagrees that discovery is limited in this way. SCE has met and conferred with counsel for SoCalGas, SDG&E, and Sempra Energy, but the parties have not been able to resolve this procedural question. Because the dispute concerns a threshold issue on the scope of discovery, SCE seeks a procedural clarification from the Commission that discovery on all Scoping Memo issues is permitted at this stage of the proceeding.

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<sup>1</sup> SoCalGas', SDG&E's, and Sempra Energy's discovery responses are attached as Attachments A - E.

<sup>2</sup> Pursuant to Your Honor's March 10, 2004 bifurcation ruling, Phase I.A addressed Scoping Memo Issue Nos. 1, 3 and 4, and Phase I-B will address Scoping Memo Issue No. 2.

Section A of this letter provides a brief background on the discovery SCE seeks from SoCalGas, SDG&E, and Sempra Energy. Thereafter, Section B explains fully SCE's understanding on why discovery on SoCalGas' and SDG&E's market activities is proper at this stage of the proceeding.

**A. Status of Discovery**

SCE continues to seek discovery from SoCalGas, SDG&E, Sempra Energy, and SET<sup>3</sup> in order to assess the role those companies, individually and collectively, may have had in contributing to the natural gas price spikes that occurred at the California border between May, 2000 and March, 2001.

To that end, on February 11, 2005, SCE served SoCalGas Data Request No. SCE-SoCalGas-9 (Public) and Data Request No. SCE-SoCalGas-9a (Confidential), and served SDG&E Data Request No. SCE-SDG&E-3 (Public). After obtaining an extension of time to respond, SoCalGas and SDG&E served by e-mail their written response on March 4, 2005, objecting to a substantial portion of the requests on various grounds, including, most prevalently, that the discovery was relevant only to Scoping Memo Issue No. 1 and not permitted as a result. (See Attachments A- C) On March 4 and March 7, SCE sent meet and confer letters to SoCalGas' and SDG&E's counsel, setting forth SCE's position concerning why such discovery was proper, and requesting a telephone conference to discuss the discovery. A few days later, on March 11, 2005, SCE, SoCalGas, and SDG&E met and conferred concerning the discovery. The parties were not able to resolve their dispute regarding the scope of discovery permitted at this stage of the proceeding.

On February 17, 2005, SCE served Sempra Energy two subpoenas with Data Request No. SCE-Sempra Energy-4 (Public) and Data Request No. SCE-Sempra Energy-4a (Confidential). Sempra Energy served by mail its written responses to the discovery on March 3, 2005. Like SoCalGas and SDG&E, Sempra Energy objected to the bulk of the requests on various grounds, including, in some cases, that the discovery was relevant only to Scoping Memo Issue No. 1 and not permitted at this stage of the proceeding. (See Attachments D and E) On March 8 and March 16, SCE sent meet and confer letters to Sempra Energy's counsel concerning the discovery. SCE and Sempra Energy met and conferred on March 24 and 25, but were not able to

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<sup>3</sup> SCE is also seeking further discovery from Sempra Energy Trading ("SET"). Apparently recognizing that SCE's requests are relevant to Scoping Memo Issue No. 2, SET has not objected to SCE's discovery requests on the ground that the discovery seeks information relevant only to Scoping Memo Issue No. 1. SET has objected to a number of SCE's requests on other grounds. SCE is in the process of meeting and conferring with SET to resolve outstanding discovery disputes. In addition to this written discovery, SCE is continuing to review SET's ongoing e-mail production.

resolve the dispute. SCE also informed Sempra Energy that SoCalGas and SDG&E had raised the same objection that discovery on Scoping Memo Issue No. 1 was improper, and that SCE would therefore seek a procedural clarification from the Commission concerning the scope of discovery allowed.

Once the Commission provides clarification concerning the scope of discovery allowed, SCE will resume its meet and confer efforts with SoCalGas, SDG&E, and Sempra Energy to further narrow the dispute.

**B. Discovery on All Scoping Memo Issues is Proper**

SoCalGas', SDG&E's, and Sempra Energy's objections ultimately raise an erroneous procedural objection concerning the scope of discovery permitted at this stage of the proceeding.

Even if the requests were relevant only to Scoping Memo Issue No. 1, discovery on that issue is proper, because Scoping Memo Issue No. 1 is substantially subsumed by Scoping Memo Issue No. 2. To be clear, Scoping Memo Issue No. 1 concerns SoCalGas' and SDG&E's market activities, and whether those activities contributed to the price spikes. *See* Scoping Memo Issue No. 1 ("Did SoCalGas and/or SDG&E play a role in causing the increase in California border prices between March 2000 and May 2001 (the subject period)?"). Scoping Memo Issue No. 2 concerns whether there is a nexus between SoCalGas' and SDG&E's market activities and the activities of their affiliates and parent, due to the sharing of non-public information and/or concerns about financial positions, among other things. *See* Scoping Memo Issue No. 2 (Did any of SoCalGas and SDG&E's affiliates or their parent company, Sempra, play a role in causing the increase in border prices? "Did concerns about affiliates or the parent's financial position cause SoCalGas and/or SDG&E to take actions that may have increase gas costs?").

Accordingly, both Scoping Memo Issue No. 1 and No. 2 concern the same subject matter, to the extent that both concern SoCalGas' and SDG&E's market activities. Therefore, discovery concerning SoCalGas' and SDG&E's market activities is still proper at this stage of the proceeding. Indeed, it would be impossible for the Commission to even consider Scoping Memo Issue No. 2 and the activities of SoCalGas' and SDG&E's parent and affiliates without considering the concurrent activities of SoCalGas and SDG&E (Scoping Memo Issue No. 1) in context.

What is more, to conclude that further discovery on issues other than Scoping Memo Issue No. 2 is prohibited would effectively undermine the objectives of the Commission's investigation. The Commission is seeking information necessary to determine what caused the gas price spikes at the California border between May, 2000 and March, 2001. To examine Scoping

Memo Issue No. 2 in a vacuum, separate and apart from Scoping Memo Issue Nos. 1, 3 and 4, inevitably impairs such an examination, depriving the Commission of information necessary to render a complete and fully informed decision concerning what caused the price spikes.<sup>4</sup>

### Conclusion

SCE seeks a procedural clarification from the Commission that discovery is not limited to Scoping Memo Issue No. 2. Thank you for your consideration of the matters raised in this letter.

Sincerely,

*W. A. Matthews, III*

Walker A. Matthews, III

WAM:mkg:lw050890039

Enclosures

cc: Service List (U-338E)

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<sup>4</sup> In addition, SCE notes that the Commission has not issued a decision in Phase I.A of this proceeding. Further discovery on Scoping Memo Issue No. 1, which is necessary to examine Scoping Memo Issue No. 2 in any event, will therefore aid any further deliberations by the Commission to reach a final comprehensive decision on all Scoping Memo issues in this investigation. On a related note, the Commission ordered SET to produce e-mails several months ago, and just affirmed on March 29, 2005 ALJ Thorson's order to Sempra Energy to produce certain documents Sempra Energy had produced to the California attorney, because those documents were material to the Commission's investigation. A substantial portion of the documents that the Commission ordered SET and Sempra Energy to produce relate to Scoping Memo Issue No. 1. SET's and Sempra Energy's productions remain on-going. Accordingly, the Commission's discovery orders to SET and Sempra Energy may elicit additional information on Scoping Memo Issue No. 1 for the Commission's further examination and deliberation.

## Attachment A

**BORDER PRICE OII – PHASE 1B (I.02-11-040)**

**INITIAL RESPONSE OF SOUTHERN CALIFORNIA GAS COMPANY**



A Sempra Energy utility™

**TO DATA REQUEST NO. SCE-SOCALGAS-09  
OF SOUTHERN CALIFORNIA EDISON COMPANY**

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- A. Southern California Gas Company ("SoCalGas") objects to the four pages of definitions and instructions submitted by Southern California Edison Company ("Edison") on the grounds that they are overbroad and unfairly burdensome. Special interrogatory instructions of this nature are expressly prohibited by California Code of Civil Procedure Section 2030(c)(5).
- B. SoCalGas objects to each request to the extent that it seeks information protected by the attorney-client privilege, the attorney work product doctrine, or any other applicable privilege or evidentiary doctrine. No information protected by such privileges or evidentiary doctrines will be knowingly disclosed.
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**RESPONSES**

**QUESTION NO. 1**

Please provide the transcripts and exhibits for the deposition of James P. Harrigan taken by plaintiffs in the San Diego cases.

**RESPONSE NO. 1**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo.

**QUESTION NO. 2**

Please provide the transcripts and exhibits for all other depositions of SoCalGas employees taken by plaintiffs in the San Diego cases.

**RESPONSE NO. 2**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo.

**QUESTION NO. 3**

Please provide copies of all Affiliate Transaction Compliance Notices posted on the SoCalGas website from April 1, 1998 to the present.

**RESPONSE NO. 3**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks for notices posted after the conclusion of both the Subject Period and Discovery Period of this investigation. Without waiving these objections, and subject thereto, SoCalGas responds as follows:

Attached are copies of the affiliate transaction compliance notices posted on SoCalGas' website from April 1, 1998, through May 31, 2002.

(in addition, this response may be supplemented on Monday, March 7<sup>th</sup>)

**Provision of Customer-Specific Information:**

<b>Affiliate</b>	<b>Description</b>	<b>Time period covered</b>	<b>Date given</b>	<b>Contact Person</b>
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in July 2001	<u>Peggy Mull</u>
Sempra Energy Connections	Copies of bills	01/02 - 03/02	04/23/2002	<u>Vivian Colomo</u>
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in June 2001	<u>Ronald Valencia</u>
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in August 2001	<u>Ronald Valencia</u>
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in June 2001	<u>Ronald Valencia</u>
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in December 2001	<u>Ronald Valencia</u>
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in June 2001	<u>Ronald Valencia</u>
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in June 2001	<u>Ronald Valencia</u>
Sempra Energy Solutions	Customer requested that billing invoices be sent	Until customer directs	First bill mailed to SES in	<u>Ronald Valencia</u>

<b>Affiliate</b>	<b>Description</b>	<b>Time period covered</b>	<b>Date given</b>	<b>Contact Person</b>
	directly to Sempra Energy Solutions (SES)	otherwise	August 2001	
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in July 2001	Ronald Valencia
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in June 2001	Ronald Valencia
Sempra Energy Solutions	Usage & billing history	01/01 - 02/02	02/21/02	Ronald Valencia
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in May 2001	Ronald Valencia
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in July 2001	Vivian Colomo
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in June 2001	Vivian Colomo
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in June 2001	Vivian Colomo
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in June 2001	Vivian Colomo
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in June 2001	Vivian Colomo
Sempra Energy Solutions	Customer requested that billing invoices be sent directly to Sempra Energy Solutions (SES)	Until customer directs otherwise	First bill mailed to SES in June 2001	Vivian Colomo
Sempra Energy Solutions	Usage & billing history	01/01 - 01/02	01/24/2002	Ronald Valencia
Sempra Energy Solutions	Billing History	10/00 - 09/01	10/26/01	Irene Fuhrmann
Sempra Energy Solutions	usage data	2/00 - 2/01	03/05/2001	abell
Sempra Energy Information Solutions	billing address change requested 6/19/00, done on July 10, 2000.	6/19/00 forward	07/10/2000	Ron Valencia
Trading & Transportation Management, Inc	Account Status	as of 5/1/99	5/18/99	Deborah Vasquez
Trading & Transportation Management, Inc	Status of accounts on list provided by SES (i.e., whether active or receiving service from SoCalGas).	1/99	1/28/99	Deborah Vasquez

**Provision of Non-Customer Specific Non-Public Information:**

<b>Affiliate</b>	<b>Terms and Conditions</b>	<b>Date of Offering</b>
Sempra Energy International	SoCalGas notified an affiliate of an announcement soliciting expressions of interest to serve 3 power plants.	11/08/2001
Sempra Energy Solutions	A SoCalGas employee inadvertently disclosed to an affiliate, Sempra Energy Solutions, information regarding a SoCalGas potential natural gas supplier.	07/02/2001
Sempra Energy Solutions	Upon request for an affiliate name in the energy service provider business, a Sempra Corporate Center employee referred the County of San Bernardino to Sempra Energy Solutions.	04/24/2001
Sempra Generation	Notice is hereby given that Southern California Gas Company has made the following information available to one of its affiliates. The information is a compilation of pipeline expansion projects based on reports in various public trade publications which periodically list summaries of proposed expansion projects. The summary is updated each week.	03/29/2001
Sempra Atlantic Gas Company	SoCalGas provided information related to pipe specifications to Sempra Atlantic Gas for \$900.	05/03/00

**Provision of Supply, Capacity, Service or Information Provided to Affiliates:**

<b>Subject</b>	<b>Message</b>	<b>Date</b>
GIR Presentation – 1/9/02	Attached is a [presentation made to Sempra Trading, SoCalGas' Gas Acquisition and numerous other parties regarding GIR Implementation	1/9/2002

**QUESTION NO. 4**

Please provide all documents (including e-mails) that discuss or refer to Affiliate Transaction Compliance Notices posted on the SoCalGas website from April 1, 1998 to the present.

#### **RESPONSE NO. 4**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks for notices posted after the conclusion of both the Subject Period and Discovery Period of this investigation. Without waiving these objections, and subject thereto, SoCalGas responds as follows:

[will send this to you on Monday, March 7<sup>th</sup>]

#### **QUESTION NO. 5**

Please provide all documents (including e-mails) created from April 1, 1998 to the present that discuss whether information should be posted on the SoCalGas website or electronic bulletin board as an Affiliate Transaction Compliance Notice, or as a similar public notice.

#### **RESPONSE NO. 5**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks for notices posted after the conclusion of both the Subject Period and Discovery Period of this investigation. Without waiving these objections, and subject thereto, SoCalGas responds as follows:

[will send this to you on Monday, March 7<sup>th</sup>]

#### **QUESTION NO. 6**

Please provide copies of all SoCalGas Affiliate Transaction Audit Reports from 1998 to the present. You do not need to provide the "2002 Affiliate Transaction Audit of Southern California Gas Company," which is currently posted on SoCalGas' website.

#### **RESPONSE NO. 6**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks for audit reports after the conclusion of both the Subject Period and Discovery Period of this investigation. Without waiving these objections, and subject thereto, SoCalGas responds as follows:

Attached please find copies of SoCalGas' Affiliate Transactions Audit Reports for 1998, 1999, 2000 & 2001. Also, please note that the Larkin Audit Report is an exhibit to Phase I.A of this proceeding and thus will not be provided with this response.



1998SCGFinalRepor1999SCGFinalRepor2000SCGfinalreport2001SCGFinalRepor  
t.doc (759 KB... t.doc (656 KB... .doc (1 MB) t.pdf (2 MB)



#### **QUESTION NO. 7**

On July 6, 2001, SoCalGas filed Advice Letter No. 3038, which identified Risk Capital Management Partners as a SoCalGas Affiliate covered by the CPUC's Affiliate Transaction Rules (an "ATR Rule IIB Affiliate"). SoCalGas currently lists Risk Capital Management Partners on its website as an "Affiliate not covered by Rule II.B."

- A. Please provide all documents (including e-mails) related to SoCalGas' apparent decision to re-characterize Risk Capital Management Partners as an affiliate not covered by Rule II.B.
- B. Please provide all documents (including e-mails) either filed at the CPUC or sent to the Energy Division or ORA related to SoCalGas' apparent decision to re-characterize Risk Capital Management Partners as an affiliate not covered by Rule II.B.
- C. Please identify the SoCalGas officer(s) or manager(s) responsible for the decision as to how Risk Capital Management Partners is classified.

#### **RESPONSE NO. 7**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks about a posting after the conclusion of both the Subject Period and Discovery Period of this investigation.

#### **QUESTION NO. 8**

Please provide all communications and all documents (including e-mails) that relate to or refer to any communication between SoCalGas employees and any employees of Risk Capital Management Partners during the discovery period.

#### **RESPONSE NO. 8**

Please see attached. **[Protected Materials sent via hard copy]**

Also, please note that exhibit 47 to Mark Randle's deposition appears responsive to this question (SEU-CSP-031614).

#### **QUESTION NO. 9**

Please provide all documents (including e-mails) that relate to or refer to any non-public information from SoCalGas that was provided to Risk Capital Management Partners. Those documents should include, but not limited to, all documents related to SoCalGas' May 27, 2004 and August 17, 2004 Affiliate Transaction Compliance Notices regarding Non-Customer Specific, Non-Public shared with Risk Capital Management Partners.

#### **RESPONSE NO. 9**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks for information after the conclusion of both the Subject Period and Discovery Period of this investigation. Without waiving these objections, and subject thereto, SoCalGas responds as follows:

SoCalGas confirms that it conducted a diligent search and a reasonable inquiry and did not locate any requested documents.

**QUESTION NO. 10**

Please provide all documents (including e-mails) that relate to or refer to any work done for SoCalGas by Risk Capital Management Partners during the Discovery Period.

**RESPONSE NO. 10**

SoCalGas confirms that it conducted a diligent search and a reasonable inquiry and did not locate any requested documents.

**QUESTION NO. 11**

Please refer to documents with Bates numbers OIISE-BH-000852 to OIISE-BH-00873 provided to SCE by Sempra Energy in this proceeding (Attachment "A")

- A. Please provide all drafts of this model.
- B. Please provide all documents (including e-mails) that discuss or refer to this model.
- C. Please provide all communication with Sempra Energy and Risk Capital Management Partners related to this model.
- D. Please provide all data or other information provided to Sempra Energy and Risk Capital Management Partners related to the development or use of this model.

**RESPONSE NO. 11**

Please see response to question 8.

**QUESTION NO. 12**

Please refer to SoCalGas' response to SCE Request 8A-5, which describe Mike Johnson's "two month assignment to SDG&E (2/8/2001 to 3/30/2001)." (Attachment "B").

- A. Please provide all documents (including e-mails) that relate to or refer to Mike Johnson's assignment to SDG&E.
- B. Please provide all documents (including e-mails) created by or provided to Mike Johnson during his assignment at SDG&E

**RESPONSE NO. 12**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo. Edison had a full and fair opportunity to inquire into the relationship between SoCalGas and SDG&E in Phase I.A.

### **QUESTION NO. 13**

Please provide all documents (including e-mails) related to or created in response to Carolyn McIntyre's e-mail dated September 20, 2000 that was sent to several employees at SoCalGas, SDG&E and Sempra Energy. (See SET 00023447, an e-mail provided by Sempra Energy Trading to SCE in this proceeding. (Attachment "C").

### **RESPONSE NO. 13**

See attached document.



SDG&E\_Comments.  
pdf (346 KB)

### **QUESTION NO. 14**

Please refer to the documents with Bates numbers OIISE-000790-809 provided by Sempra Energy in this proceeding (Attachment "D"). Please provide all subsequent communications or documents related to Mr. Brill's March 14<sup>th</sup> e-mail or Dr. Van Lierop's paper.

### **RESPONSE NO. 14**

SoCalGas confirms that it conducted a diligent search and a reasonable inquiry and did not locate any requested documents.

### **QUESTION NO. 15**

Please refer to the documents with Bates number SEU-JHR-005003-6 provided by SoCalGas in this proceeding (Attachment "E"). Please provide an unredacted version of this e-mail.

### **RESPONSE NO. 15**

SoCalGas objects to this question on the grounds that the redacted portion of this e-mail is protected from disclosure by the Attorney-Client Privilege. SoCalGas also objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo.

### **QUESTION NO. 16**

Please refer to the documents with Bates numbers SEU-JHR-005003-6 provided by SoCalGas in this proceeding (Attachment "E"). Please provide all documents (including

relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo.

**QUESTION NO. 20**

Please refer to the document with Bates number SET 0494 provided by Sempra Trading in this proceeding (Attachment "H"). Please provide all affiliate transaction notices, or other similar public notices, associated with this e-mail

**RESPONSE NO. 20**

There would not have been any affiliate transaction notices, or other similar public notices, associated with this e-mail because it does not transmit any non-public information.

**QUESTION NO. 21**

Please provide the transcripts and exhibits for all interviews/depositions of SoCalGas employees taken by the California Attorney General related to SoCalGas' actions during the Subject Period.

**RESPONSE NO. 21**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo. Without waiving these objections, and subject thereto, SoCalGas responds as follows:

SoCalGas does not have the transcripts from any of the interviews/depositions of SoCalGas employees taken by the California Attorney General related to SoCalGas' actions during the subject period. Attached are the only exhibits in SoCalGas' possession from the interviews/depositions.

**[Protected Materials sent via hard copy]**

## Attachment B

**BORDER PRICE OII – PHASE 1B (I.02-11-040)**

**RESPONSES OF SOUTHERN CALIFORNIA GAS COMPANY**



A Sempra Energy utility™

**TO DATA REQUEST NO. SCE-SOCALGAS-09A  
OF SOUTHERN CALIFORNIA EDISON COMPANY  
(contains Protected Materials)**

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- A. Southern California Gas Company ("SoCalGas") objects to the four pages of definitions and instructions submitted by Southern California Edison Company ("Edison") on the grounds that they are overbroad and unfairly burdensome. Special interrogatory instructions of this nature are expressly prohibited by California Code of Civil Procedure Section 2030(c)(5).
- B. SoCalGas objects to each request to the extent that it seeks information protected by the attorney-client privilege, the attorney work product doctrine, or any other applicable privilege or evidentiary doctrine. No information protected by such privileges or evidentiary doctrines will be knowingly disclosed.
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**RESPONSES**

**QUESTION NO. 1**

Please refer to the documents with Bates numbers SET0415-0418 provided by Sempra Trading in this proceeding (Attachment "A"). Please provide all documents (including e-mails) including e-mails in the possession of SoCalGas (including but not limited to the SoCalGas employees who sent or received e-mails included in SET 0415-0418) regarding SET's capacity on Transwestern or any other pipeline into California.

**RESPONSE NO. 1**

Please see attached. [**Protected Materials sent via hard copy**]

**QUESTION NO. 2**

Please refer to the documents with Bates numbers OIISE-SK-000014-16 provided by Sempra Energy in this proceeding (Attachment "B"). Please provide all documents (including e-mails) including e-mails in the possession of SoCalGas (including but not limited to the SoCalGas employees who sent or received e-mails included in OIISE-SK-000014-16) regarding El Paso Natural Gas' proposed Yuma Lateral Project.

## **RESPONSE NO. 2**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo.

## **QUESTION NO. 3**

Please refer to the documents with Bates numbers OIISE-000853-854 provided by Sempra Energy in this proceeding (Attachment "C"). Please provide all non-engineering documents (including e-mails) associated with the Adelanto Lateral Project.

## **RESPONSE NO. 3**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo.

## **QUESTION NO. 4**

Please refer to the documents with Bates numbers OIISE-000853-854 provided by Sempra Energy in this proceeding (Attachment "C"). Please provide all documents (including e-mails) regarding "the relationship between excess capacity and border prices" in the possession of Mr. Watson and any of the recipients of Mr. Watson's May 2, 2001 e-mail.

## **RESPONSE NO. 4**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo.

## **QUESTION NO. 5**

Please refer to the documents with Bates numbers SEU-JHR-004765-8 provided by SoCalGas in this proceeding (Attachment "D"). Please provide all documents (including e-mails) associated with the "bypass team."

## **RESPONSE NO. 5**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo.

### **QUESTION NO. 9**

Please refer to the documents with Bates numbers OIISE-000759-60 provided by Sempra Energy in this proceeding (Attachment "G"). Please provide all documents (including e-mails) regarding the following types of proposals in the possession of the recipients of Mr. Morrow's, Mr. Brill's, Mr. McCay's or Mr. Davis' December 12, 2000 e-mails:

- A. Proposals for ETS to purchase and store gas
- B. Proposals for other entities (such as marketers) to offer a CPUC-approved service that involves purchasing and storing gas,
- C. Proposals for stricter balancing rules,
- D. Proposals for storage inventory requirements for electric generators or non-core customers.

### **RESPONSE NO. 9**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo.

### **QUESTION NO. 10**

Please refer to the documents with Bates numbers SEU-JHR-004472 to 4493, a draft of a September 13, 2000 presentation by Shawn Bailey to the ERC provided by SoCalGas in this proceeding (Attachment "H"). Please provide all documents (including e-mails) in Gas Acquisition's possession regarding:

- A. Comments or questions on the presentations, or
- B. Analyses or evaluation of the material contained in the presentation.

### **RESPONSE NO. 10**

SoCalGas objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo.

## Attachment C

**BORDER PRICE OII – PHASE I.B (I.02-11-040)**  
**RESPONSES OF SAN DIEGO GAS & ELECTRIC COMPANY**



**TO DATA REQUEST NO. SCE-SDG&E-03  
OF SOUTHERN CALIFORNIA EDISON COMPANY.**

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- A. San Diego Gas & Electric Company ("SDG&E") objects to the four pages of definitions and instructions submitted by Southern California Edison Company ("Edison") on the grounds that they are overbroad and unfairly burdensome. Special interrogatory instructions of this nature are expressly prohibited by California Code of Civil Procedure Section 2030(c)(5).
- B. SDG&E objects to each request to the extent that it seeks information protected by the attorney-client privilege, the attorney work product doctrine, or any other applicable privilege or evidentiary doctrine. No information protected by such privileges or evidentiary doctrines will be knowingly disclosed.
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**RESPONSES**

**QUESTION NO. 1**

Please provide the transcripts and exhibits for all depositions of SDG&E employees taken by plaintiffs in the San Diego cases.

**RESPONSE NO. 1**

SDG&E objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing issue 2 in the Scoping Memo.

**QUESTION NO. 2**

Please provide copies of all Affiliate Transaction Compliance Notices posted on the SDG&E website from April 1, 1998 to the present.

**RESPONSE NO. 2**

SDG&E objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks for notices posted after the conclusion of both the Subject Period and Discovery Period of this investigation. Without waiving these objections, and subject thereto, SDG&E responds as follows:

Attached are copies of the affiliate transaction compliance notices posted on SDG&E's website from April 1, 1998, through May 31, 2002.

**Provision of Customer-Specific Information:**

Affiliate	Description	Time period covered	Date given	Contact Person
Sempra Generation	An employee of SDG&E inadvertently disclosed information to an employee of Sempra Energy Resources on May 22, 2002 related to the position of an applicant in SDG&E's System Upgrade queue. The System Upgrade Queue lists applicants requesting upgrades to transmission lines in SDG&E's system. The information disclosed concerned the withdrawal of an application for an upgrade to the Southwestern Power Link Transmission line and was posted on May 24, 2002 on SDG&E's Electric Transmission Interconnections site, which lists Electric Interconnections and System Upgrades Electric Interconnections queue information.	05/22/02	05/22/02	Marion Alexander
Sempra Energy Solutions	billing history	08/01 - 08/00	08/14/2001	shelly bell
Sempra Energy Solutions	billing history	11/99 - 12/00	12/05/00	shelly
Sempra Energy Solutions	billing history	6/99 - 10/00	11/17/2000	David Okuni
Sempra Energy Solutions	billing history	6/99 - 10/00	11/17/2000	David Okuni
Sempra Energy Solutions	billing history	6/99 - 10/00	11/13/2000	David Okuni
Sempra Energy Solutions	billing history	6/99 - 10/00	11/17/2000	David Okuni
Sempra Energy Solutions	billing history	6/99 - 10/00	11/06/2000	David Okuni
Sempra Energy Solutions	billing history	6/99 - 10/00	11/06/2000	David Okuni
Sempra Energy Solutions	billing history and interval data	6/99 - 10/00	11/03/2000	David Okuni
Sempra Energy Solutions	billing history and interval data	6/99 - 10/00	10/30/2000	David Okuni
Sempra	billing history	6/99 - 9/00	10/17/2000	David Okuni
Sempra	billing history	6/99 - 9/00	10/17/2000	David Okuni
Sempra	interval	6/99 - 9/00	10/17/2000	David Okuni
Sempra	billing history	6/99 - 9/00	10/12/2000	David Okuni

Affiliate	Description	Time period covered	Date given	Contact Person
Sempra	billing history	6/99 - 9/00	10/12/2000	David Okuni
Sempra	billing history and interval	6/99 - 9/00	10/06/2000	David Okuni
Sempra	billing history	7/99 - 9/00	10/05/2000	David Okuni
Sempra Energy Solutions	billing history	9/99 - 9/00	9/29/2000	David Okuni
Sempra Energy Solutions	billing history	9/99 - 9/00	9/15/2000	David Okuni
Sempra Energy Solutions	billing history and interval data	9/99 - 9/00	9/12/2000	David Okuni
Sempra Energy Solutions	billing history	7/99 - 8/00	9/6/2000	David Okuni
Sempra Energy Solutions	billing history and interval	7/99 - 8/00	9/5/2000	David Okuni
Sempra Energy Solutions	billing and usage history	7/99 - 8/00	8/25/2000	David Okuni
Sempra	billing and usage history	7/99 - 8/00	8/23/2000	David Okuni
Sempra Energy Solutions	billing and usage history	7/99 - 8/00	8/23/2000	David Okuni
Sempra Energy	billing and usage history	7/99 - 8/00	8/14/2000	David Okuni
Sempra Energy Solutions	billing and usage history	7/99 - 8/00	8/10/2000	David Okuni
Sempra Energy Solutions	billing and usage history	7/99 - 8/00	8/4/2000	David Okuni
Sempra Energy Solutions	billing history	7/99 - 7/00	8/4/2000	David Okuni
Trading & Transportation Management, Inc	Billing History	10/97 - 12/98	1/5/99	David Okuni
Trading & Transportation Management, Inc	Historical billing	10/95 - 9/98	10/27/98	David Okuni

**Affiliate Discount Report:**

Affiliate	Rate charged	Time period covered	Quantities	Conditions
Sempra Energy Connections	N/A	March 2002 & Forward	N/A	An Advice letter was filed by SDG&E to modify Schedule S to optionally accommodate customers with all types of distributed generators. The change will provide customers installing distributed

				generation facilities with the option of taking service on Schedule S in combination with Schedule AL-TOU or any other regularly available tariff of the customer's load. In effect, this modification will open up the new rate to generators other than qualified facilities. In the interim, SDG&E will offer a contract for this special electric service rate for customers with a generator other than a qualified facility.
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**Provision of Non-Customer Specific Non-Public Information:**

<b>Affiliate</b>	<b>Terms &amp; Conditions</b>	<b>Date of Offering</b>
Termoelectrica de Mexicali, S. de R.L. de C.V.	Document illustrating interconnection points between the generation facility in Mexicali and SDG&E's Imperial Valley substation.	11/19/2001, 11/08/2001, 10/22/2001
Sempra Energy International	Graph of Year 2000 total daily gas sendout, no charge	09/20/01
Chilquinta Energia S.A.	An SDG&E employee met with a representative of Chilquinta to discuss general utility safety issues.	06/01/2001
Sempra Energy Information Solutions	SAP Business Warehouse training manuals for end-users covering Viewing, Editing, and Developing BW queries were sold to SEIS for \$1000, plus a fee of \$40 per manual sold by SEIS.	04/30/2001
Sempra Energy Trading Corp.	Notice is hereby given that proprietary utility information was inadvertently made accessible to San Diego Gas & Electric's (SDGE) affiliate Sempra Energy Trading in March, 1998. The information can be accessed at the following URL: <a href="http://public.sempra.com/affiliate/CAC_11.xls">http://public.sempra.com/affiliate/CAC_11.xls</a>	March 15, 2001
Sempra Energy Solutions	Notice is hereby given that proprietary utility information was inadvertently made accessible to San Diego Gas & Electric's (SDGE) affiliate Sempra Energy Solutions in August 2000. This information included the following: + A document prepared by employees of SDG&E outlining how the affiliate could perform bidding, scheduling, and dispatch functions; + SDG&E's procedures for bidding short term contracts; + Training presentation describing SDG&E's method for load forecasting, containing six daily load curves from 1992-94; + Draft of required and recommended functions for the affiliate's wholesale electric market activities. All other service providers may obtain the non-customer specific, non-public information described in this notice on the same terms and conditions available to SDGE's affiliate. SDGE will make this information available for public inspection at its parent company, Sempra Energy's headquarters in San Diego at reasonable times consistent with ongoing business responsibilities, subject to the same terms and conditions of release applied to SDGE's affiliate. All requests to view this information must be presented, in writing, to: Martine Blair, Affiliate Compliance Manager, Sempra Energy, 101 Ash Street, PZ-05A, San Diego, CA 92101	12/07/2000
Sempra Energy Solutions	Notice is hereby given that non-public information was mistakenly taken from the offices of San Diego Gas &	11/10/2000

Affiliate	Terms & Conditions	Date of Offering
	Electric Company (SDG&E) to the offices of its affiliate Sempra Energy Solutions (SES) when two employees transferred from SDG&E to SES and took their laptop computers with them. This information included: + Training Materials + Departmental Policies and Procedures + Non-current Commodity Purchases and Sales Information + Forecast Data + Operating Data .The Company has no reason to believe that this data was accessed by SES in furtherance of any of its business activities. SDG&E will make the non-public information described in this notice available for public inspection at its parent company, Sempra Energy, headquarters in San Diego at reasonable times consistent with ongoing business responsibilities, subject to the same terms and conditions of release applied to SDG&E's affiliate. All requests to view this information must be presented, in writing, to: Martine Blair Affiliate Compliance Manager Sempra Energy 101 Ash Street, PZ-05A San Diego, CA 92101	
MEG Marketing, LLC	Gas Standards were licensed to Sempra Energy International for \$10,000. The standards are to be used for the Rosarito Gas Supply Project.	01/13/99

**Provision of Supply, Capacity, Service or Information Provided to Affiliates:**

Affiliate	Terms and Conditions	Date of offering	Contact Person	Phone
Sempra Generation	A tour of SDG&E's retired Silvergate Power Plant was given to a representative of Sempra Energy Resources on 2/15/01. This tour is available to all interested parties under the same terms and conditions.	02/15/2001	Mr. Dash Meeks	(619) 696-4991
Sempra Generation	Provided electric transmission alignment map and sketches. Fee: \$500	03/07/01	Wen Hsiao	858-654-1798
Sempra Generation	A tour of SDG&E's mothballed Silvergate Power Plant was given to a representative of Sempra Energy Resources on 2/15/01. This tour is available to all interested parties under the same terms and conditions. For more information go to <a href="http://www.sdge.com/silvergate">www.sdge.com/silvergate</a>	02/15/01	Mr. Dashiell Meeks	619-696-4991
Enova Energy, Inc.	Rental of 30 inch diameter pipeline test heads rated for maximum test pressure of 1550 psig. 4 units available at \$100 each per month. Transportation to and from SDG&E Miramar facility to be paid for by contracting party. SDG&E may terminate rental upon 30 days notice. Contracting party shall return test heads to SDG&E within 30 days of receipt of written notice.	10/15/99	Norm Kohls	(858) 547-2026
Sempra Energy Europe	This transaction involves the license and transfer of SDG&E Gas Standards. The Standards are to be used for the design,	August 15, 1999	Kim Cresencia, Marketing	(858) 654-1107

Affiliate	Terms and Conditions	Date of offering	Contact Person	Phone
Limited	construction, operation and maintenance and emergency response of a natural gas distribution system located in the geographic area in the states of Coahuila and Durango, Mexico. DGN de La Laguna-Durango paid \$10,000 for the license of the Standards. The license is granted solely to DGN de La Laguna-Durango with no right to sublicense or reuse.			
Sempra Energy Europe Limited	This transaction involves the license and transfer of SDG&E Gas Standards. The Standards are to be used for the design, construction, operation, maintenance and emergency response of a natural gas distribution system located in a specific geographic area in the states of Coahuila and Durango, Mexico. DGN de La Laguna-Durango paid \$10,000 for the license of the Standards. The license is granted solely to DGN de La Laguna-Durango with no right to sublicense or reuse.	August 15, 1999	Kim Cresencia, Marketing	(858) 654-1107

**QUESTION NO. 3**

Please provide all documents (including e-mails) that discuss or refer to Affiliate Transaction Compliance Notices posted on the SDG&E website from April 1, 1998 to the present.

**RESPONSE NO. 3**

SDG&E objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks for notices posted after the conclusion of both the Subject Period and Discovery Period of this investigation. Without waiving these objections, and subject thereto, SDG&E responds as follows:

**[will send this to you on Monday, March 7<sup>th</sup>]**

**QUESTION NO. 4**

Please provide all documents (including e-mails) created from April 1, 1998 to the present that discuss whether information should be posted on the SDG&E website or electronic bulletin board as an Affiliate Transaction Compliance Notice, or as a similar public notice.

#### RESPONSE NO. 4

SDG&E objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks for notices posted after the conclusion of both the Subject Period and Discovery Period of this investigation. Without waiving these objections, and subject thereto, SDG&E responds as follows:

[will send this to you on Monday, March 7<sup>th</sup>]

#### QUESTION NO. 5

Please provide copies of all SDG&E Affiliate Transactions Audit Reports from 1998 to the present. You do not need to provide the "2002 Affiliate Transactions Audit of San Diego Gas & Electric Company," which is currently posted on SDG&E's website.

#### RESPONSE NO. 5

SDG&E objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks for audit reports after the conclusion of both the Subject Period and Discovery Period of this investigation. Without waiving these objections, and subject thereto, SDG&E responds as follows:

Attached please find copies of SDG&E's Affiliate Transactions Audit Reports for 1998, 1999, 2000 & 2001. Also, please note that the Larkin Audit Report is an exhibit to Phase I.A of this proceeding and thus will not be provided with this response.



1998SDGEFinalRep  
ort.doc (801 K...



1999SDGEFinalRep  
ort.doc (612 K...



2000SDGEfinalrepor  
t.doc (1 MB)...



2001SDGEFinalRep  
ort.pdf (2 MB)...

**QUESTION NO. 6**

Please provide a copy of SDG&E's Advice Letter No. 1261-G/1342-E dated July 5, 2001, with attachments.

**RESPONSE NO. 6**

See attached.



Jul05\_2001AdviceLetter.pdf

**QUESTION NO. 7**

SDG&E currently lists Risk Capital Management Partners as an "Affiliate not covered by Rule II.B" on its website.

- A. Please provide all documents (including e-mails) related to SDG&E's characterization of Risk Capital Management Partners as an affiliate not covered by Rule II.B.
- B. Please provide all documents (including e-mails) either filed at the CPUC or sent to the Energy Division or ORA related to SDG&E's characterization of Risk Capital Management Partners as an affiliate not covered by Rule II.B.

**RESPONSE NO. 7**

SDG&E objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks about a posting after the conclusion of both the Subject Period and Discovery Period of this investigation.

**QUESTION NO. 8**

Please provide all communications and all documents (including e-mails) that related to or refer to any communication between SDG&E employees and any employee of Risk Capital Management Partners during the discovery period.

**RESPONSE NO. 8**

SDG&E confirms that it conducted a diligent search and a reasonable inquiry and did not locate any requested documents.

### **QUESTION NO. 9**

Please provide all documents (including e-mails) that refer to or refer to any non-public information from SDG&E that was provided to Risk Capital Management Partners. These documents should include, but not be limited to all documents related to SDG&E's June 3, 2004 Affiliate Transaction Compliance Notices regarding Non-Customer Specific, Non-Public shared with Risk Capital Management Partners.

### **RESPONSE NO. 9**

SDG&E objects to this question on the grounds that it is overbroad and seeks information not relevant to this proceeding because it asks for information after the conclusion of both the Subject Period and Discovery Period of this investigation. Without waiving these objections, and subject thereto, SDG&E responds as follows:

Please see Response No. 8.

### **QUESTION NO. 10**

Please provide all documents (including e-mails) that relate to or refer to any work done for SDG&E by Risk Capital Management Partners during the Discovery Period.

### **RESPONSE NO. 10**

SDG&E confirms that it conducted a diligent search and a reasonable inquiry and did not locate any requested documents.

### **QUESTION NO. 11**

Please refer to SoCalGas' response to SCE Request 8A-5, which described Mike Johnson's "two month assignment to SDG&E (2/8/2001 to 3/30/2001)." (Attachment "A")

- A. Please provide all documents (including e-mails) that relate to or refer to Mike Johnson's assignment to SDG&E.
- B. Please provide all documents (including e-mails) created by or provided to Mike Johnson during his assignment at SDG&E.

### **RESPONSE NO. 11**

SDG&E objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo. Edison had a full and fair opportunity to inquire into the relationship between SoCalGas and SDG&E in Phase I.A.

### **QUESTION NO. 12**

Please provide all documents (including e-mails) related to or created in response to Carolyn McIntyre's e-mail dated September 20, 2000 that was sent to several employees at SoCalGas, SDG&E & Sempra Energy. (See SET 00023447, an e-mail provided by Sempra Energy Trading to SCE in this proceeding. (Attachment "B")).

### **RESPONSE NO. 12**

SDG&E confirms that it conducted a diligent search and a reasonable inquiry and did not locate any requested documents.

### **QUESTION NO. 13**

Please refer to the e-mail with Bates number SET 00036982 and the attachment with Bates number SET 00036983 provided by SET in discovery in this proceeding on January 20, 2005 (Attachment "C"):

- A. Please explain what volume and meter information is contained in SET 00036983.
- B. Please explain why this information was forwarded from SDG&E to Sempra International.
- C. Please provide all affiliate transaction information notices, or other public postings by SDG&E, related to this information.
- D. Please provide all other documents (including e-mails) sent my Donna Walsh to Sempra International during the Discovery Period.

### **RESPONSE NO. 13**

SDG&E confirms that it conducted a diligent search and a reasonable inquiry and did locate any requested documents.

### **QUESTION NO. 14**

Please provide the transcripts and exhibits for all interviews/depositions of SDG&E employees taken by the California Attorney General related to SDG&E's actions during the Subject Period.

### **RESPONSE NO. 14**

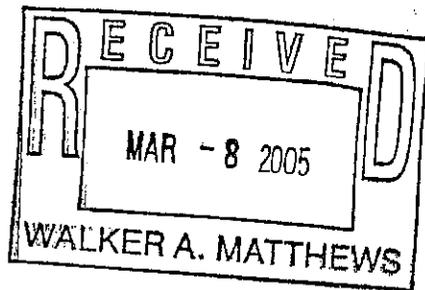
SDG&E objects to this question on the grounds that it is overbroad and seeks information not relevant to this phase of the proceeding because Phase I.B is only addressing Issue 2 in the Scoping Memo. Without waiving these objections, and subject thereto, SDG&E responds as follows:

SDG&E does not have any transcripts or exhibits from any of the interviews/depositions of SDG&E employees taken by the California Attorney General related to SDG&E's actions during the subject period.

## Attachment D



ORRICK, HERRINGTON & SUTCLIFFE LLP  
THE ORRICK BUILDING  
405 HOWARD STREET  
SAN FRANCISCO, CA 94105-2669  
tel 415-773-5700  
fax 415-773-5759  
WWW.ORRICK.COM



March 3, 2005

Erich F. Lichtblau  
(415) 773-5662  
elichtblau@orrick.com

Walker A. Matthews, III  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, CA 91770

Re: I.02-11-040

Dear Mr. Matthews:

Pursuant to our agreement, enclosed please find the responses of Sempra Energy and Sempra Generation (formerly Sempra Energy Resources) to the Subpoenas duces tecum served by Southern California Edison Company on February 17, 2005.

Very truly yours,

  
Erich F. Lichtblau

EFL/nwl  
Enclosure

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Investigation Into the Gas Market  
Activities of Southern California Gas Company, San Diego  
Gas and Electric, Southwest Gas, Pacific Gas and Electric,  
and Southern California Edison and Their Impact on the  
Gas Price Spikes Experienced at the California Border  
from March 2000 through May 2001.

Investigation 02-11-040

RESPONSE OF SEMPRA ENERGY TO  
SOUTHERN CALIFORNIA EDISON COMPANY'S  
SUBPOENA SERVED ON FEBRUARY 17, 2005 ("SCE-SEMPRA  
ENERGY-4")

Pursuant to Rules 59 *et seq.* of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission" or "CPUC"), Sempra Energy hereby submits its Responses to the Subpoena of Southern California Edison Company ("Edison") served on February 17, 2005.

GENERAL OBJECTIONS

1. Sempra Energy objects to the Subpoena because it does not comply with Rule 60(b) of the CPUC's Rules of Practice and Procedure, in that it fails to set forth specific facts demonstrating the materiality of the documents and information requested, and good cause for production of the requested documents.
2. Sempra Energy objects to the Subpoena to the extent that it seeks information and documents that are neither relevant to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence.
3. Sempra Energy objects to the Subpoena as overbroad, unreasonably vague and ambiguous, and unduly burdensome to the extent that it fails to describe the documents or information requested with reasonable particularity and/or seeks documents neither from nor relating to the Subject Period as defined in the Subpoena.
4. Sempra Energy objects to the Subpoena to the extent that it may be interpreted to call for the production of information that is protected by the attorney-client privilege, work product doctrine or any other applicable doctrine or privilege.

5. Sempra Energy objects to the Subpoena to the extent it purports to call for information or documents that is publicly available or not in the exclusive possession, custody or control of Sempra Energy.

6. Sempra Energy objects to Edison's "Instructions" and "Definitions" to the extent they impose burdens and obligations beyond those permitted or required by law, including the Commission's Rules of Practice and Procedure.

7. Sempra Energy objects to Definition G, which defines the term "Document," because it is overbroad to the extent that it includes mechanical and electric recordings, which cannot be readily searched for potentially responsive information. Sempra Energy further objects to the extent that "Document" is defined to include electronic mail that may exist on archival backups.

8. Sempra Energy objects to the Subpoena on the basis that it is unduly burdensome and oppressive to request an entity that is neither within the jurisdiction of the CPUC nor a party to this proceeding to produce documents or provide information in response to the Subpoena. Sempra Energy, however, will voluntarily respond to the subpoena as set forth below.

9. Sempra Energy reserves the right to supplement and/or amend its objections to the Subpoena.

### RESPONSES TO THE SUBPOENA

#### Question No. 1:

Please provide the transcripts and exhibits for all depositions of Sempra Energy employees taken by plaintiffs in the San Diego Cases.

#### Response to Question No. 1:

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy also objects to this question on the ground that it is overbroad because it is not limited to the Subject Period. Sempra Energy further objects to this question on the grounds that it is overbroad and not reasonably calculated to lead to the discovery of admissible evidence in that the issues in the San Diego Cases are neither identical to nor limited to the issues in this proceeding.

#### Question No. 2:

Please provide all documents (including e-mails) that discuss or refer to Affiliate Transaction Compliance Notices posted on the SoCalGas and/or SDG&E websites from April 1, 1998 to the present.

**Response to Question No. 2:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy also objects to this question on the ground that it is overbroad because it is not limited to the Subject Period. Sempra Energy further objects to this question on the grounds that it is not reasonably calculated to lead to the discovery of admissible evidence. The Commission has pending a separate investigation – Investigation No. 03-02-033, into whether San Diego Gas and Electric Company, Southern California Gas Company and Sempra Energy have complied with relevant statutes and Commission decisions pertaining to Sempra Energy’s holding company structure and affiliate activities – discovery in which has been stayed pending an audit. Edison cannot use this Subpoena to effectively bypass that stay.

**Question No. 3:**

Please provide all documents (including e-mails) created from April 1, 1998 to the present that discuss whether information should be posted on the SoCalGas and/or SDG&E websites or electronic bulletin boards as an Affiliate Transaction Compliance Notice, or as a similar public notice.

**Response to Question No. 3:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy also objects to this question on the ground that it is overbroad because it is not limited to the Subject Period. Sempra Energy further objects to this question on the grounds that it is not reasonably calculated to lead to the discovery of admissible evidence. The Commission has pending a separate investigation – Investigation No. 03-02-033, into whether San Diego Gas and Electric Company, Southern California Gas Company and Sempra Energy have complied with relevant statutes and Commission decisions pertaining to Sempra Energy’s holding company structure and affiliate activities – discovery in which has been stayed pending an audit. Edison cannot use this Subpoena to effectively bypass that stay.

**Question No. 4:**

Please provide all Sempra Energy intranet postings during the Subject Period that discuss or refer to western gas and/or electricity markets, or SoCalGas’, SDG&E’s, Sempra Energy’s, SET’s or SER’s participation in western gas and/or electricity markets.

**Response to Question No. 4:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy objects to the phrase “western gas and/or electricity markets” as vague and ambiguous. Sempra Energy interprets this phrase to mean “Western gas markets” and “Western electricity markets” as those terms were defined at discovery hearings in

February 2004 in connection with prior discovery. Sempra Energy also objects to this question on the grounds that it is overbroad, unduly burdensome and oppressive. Sempra Energy's utility subsidiaries' entire businesses relate to the Western gas and electricity markets. This request therefore effectively demands the production of every utility-related intranet posting.

**Question No. 5:**

Please provide all documents related to Sempra Energy Trading's purchase of an ownership stake in Risk Capital Management Partners during the first quarter of 2001.

**Response to Question No. 5:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Subject to and without waiving its objections, Sempra Energy responds that it will produce all non-privileged responsive documents in its possession, if any, relevant to the Subject Period.

**Question No. 6:**

SoCalGas' response to SCE Request 8A-5 describes Mike Johnson's "two month assignment to SDG&E, (2/8/2001 to 3/30/2001)."

- a. Please provide all documents (including e-mails) that relate to or refer to Mike Johnson's assignment to SDG&E.
- b. Please provide all documents (including e-mails) created by or provided to Mike Johnson during his assignment at SDG&E.

**Response to Question No. 6:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy further objects to this question to the extent that it seeks documents protected by Mr. Johnson's right to privacy and to the extent it seeks production of employment records and does not comply with the requirements of Code of Civil Procedure § 1985.6. Sempra Energy also objects to this question on the ground that it calls for information beyond the scope of Phase IB. Any information regarding Mr. Johnson's assignment to SDG&E is solely within the scope of Phase IA, the discovery cut-off for which was April 12, 2004.

**Question No. 7:**

Please provide monthly financial reports from Sempra Energy Resources for El Dorado for August 2000 to May 2001. For examples of El Dorado monthly financial reports, see documents with Bates numbers OIISER-DB-000001 to OIISER-DB-000006, OIISER-CL-000001 to OIISER-CL-000005, and OIISER-RC-000001 to OIISER-RC-000003 produced by SER in this proceeding.

**Response to Question No. 7:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Subject to and without waiving any of its objections, Sempra Energy responds that it will produce all non-privileged responsive documents in its possession, if any.

**Question No. 8:**

Sempra Energy provided SCE with a copy of most pages of an audit report by Larkin & Associates on April 9, 2004 as part of discovery in this proceeding. (See SCE Request 2- 2 Sempra Energy.) Sempra Energy later provided additional pages from this report. However, some pages of the Larkin report are still either missing or of poor quality. Please provide copies of the following pages from Volume III of the Larkin report:

- a. Interview No. 02, Page 2 of 3 and Page 3 of 3
- b. Interview No. 03, All pages
- c. Interview No. 04, Page 1 of 5
- d. Interview No. 20, All pages
- e. Interview No. 27, All pages
- f. Interview No. 30, Page 2 of 2
- g. Interview No. 31, Page 1 of 2
- h. Interview No. 36, All pages
- i. Interview No. 62, Page 5 of 7
- j. Interview No. 86, Page 7 of 10

**Response to Question No. 8:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Subject to and without waiving any of its objections, Sempra Energy responds that it will produce all responsive documents in its possession, if any.

**Question No. 9:**

Please refer to the documents with Bates numbers SEU-JHR-005003-6 provided by SoCalGas in this proceeding. Please provide all documents (including e-mails) which respond to Ms. Wright's April 20, 2001 e-mail that are in the possession of the recipients of Ms. Wright's April 20, 2001 e-mail.

**Response to Question No. 9:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy further objects to this request on the ground that it seeks information relevant, if at all, solely to the issues in Phase IA of this proceeding, the discovery cut-off for which was April 12, 2004.

**Question No. 10:**

Please refer to the documents with Bates numbers SEU-JHR-004928-4967 provided by SoCalGas in this proceeding. Please provide all documents (including e-mails) which respond to Ms. Wright's June 11, 2001 e-mail that are in the possession of the recipients of Ms. Wright's June 11, 2001 e-mail.

**Response to Question No. 10:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy further objects to this request on the ground that it seeks information relevant, if at all, solely to the issues in Phase IA of this proceeding, the discovery cut-off for which was April 12, 2004.

Dated: March 3, 2005

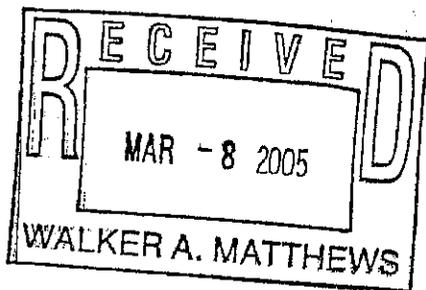
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## Attachment E



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March 3, 2005

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Walker A. Matthews, III  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, CA 91770

Re: I.02-11-040

Dear Mr. Matthews:

Pursuant to our agreement, enclosed please find the responses of Sempra Energy and Sempra Generation (formerly Sempra Energy Resources) to the Subpoenas duces tecum served by Southern California Edison Company on February 17, 2005.

Very truly yours,

Erich F. Lichtblau

EFL/nwl  
Enclosure

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

Order Instituting Investigation Into the Gas Market  
Activities of Southern California Gas Company, San Diego  
Gas and Electric, Southwest Gas, Pacific Gas and Electric,  
and Southern California Edison and Their Impact on the  
Gas Price Spikes Experienced at the California Border  
from March 2000 through May 2001.

Investigation 02-11-040

**RESPONSE OF SEMPRA ENERGY TO  
SOUTHERN CALIFORNIA EDISON COMPANY'S  
SUBPOENA SERVED ON FEBRUARY 17, 2005 ("SCE-SEMPRA  
ENERGY-4a")**

Pursuant to Rules 59 *et seq.* of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission" or "CPUC"), Sempra Energy hereby submits its Responses to the Subpoena of Southern California Edison Company ("Edison") served on February 17, 2005.

**GENERAL OBJECTIONS**

1. Sempra Energy objects to the Subpoena because it does not comply with Rule 60(b) of the CPUC's Rules of Practice and Procedure, in that it fails to set forth specific facts demonstrating the materiality of the documents and information requested, and good cause for production of the requested documents.
2. Sempra Energy objects to the Subpoena to the extent that it seeks information and documents that are neither relevant to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence.
3. Sempra Energy objects to the Subpoena as overbroad, unreasonably vague and ambiguous, and unduly burdensome to the extent that it fails to describe the documents or information requested with reasonable particularity and/or seeks documents neither from nor relating to the Subject Period as defined in the Subpoena.
4. Sempra Energy objects to the Subpoena to the extent that it may be interpreted to call for the production of information that is protected by the attorney-client privilege, work product doctrine or any other applicable doctrine or privilege.

5. Sempra Energy objects to the Subpoena to the extent it purports to call for information or documents that is publicly available or not in the exclusive possession, custody or control of Sempra Energy.

6. Sempra Energy objects to Edison's "Instructions" and "Definitions" to the extent they impose burdens and obligations beyond those permitted or required by law, including the Commission's Rules of Practice and Procedure.

7. Sempra Energy objects to Definition G, which defines the term "Document," because it is overbroad to the extent that it includes mechanical and electric recordings, which cannot be readily searched for potentially responsive information. Sempra Energy further objects to the extent that "Document" is defined to include electronic mail that may exist on archival backups.

8. Sempra Energy objects to the Subpoena on the basis that it is unduly burdensome and oppressive to request an entity that is neither within the jurisdiction of the CPUC nor a party to this proceeding to produce documents or provide information in response to the Subpoena. Sempra Energy, however, will voluntarily respond to the subpoena as set forth below.

9. Sempra Energy reserves the right to supplement and/or amend its objections to the Subpoena.

### RESPONSES TO THE SUBPOENA

#### Question No. 1:

Please provide all documents (including e-mails) in the possession of Sempra Energy's Regulatory Affairs department (excluding Case Management & Tariff Administration) regarding SET's capacity on Transwestern or any other pipeline into California.

#### Response to Question No. 1:

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy also objects to this question on the ground that it is unduly burdensome and oppressive in that it is duplicative of prior discovery requests. Sempra Energy further objects to this question on the ground that it is overbroad because it is not limited to the Subject Period. Subject to and without waiving its objections, Sempra Energy responds that it will produce all non-privileged responsive documents in its possession, if any, relevant to the Subject Period.

**Question No. 2:**

Please refer to the documents with Bates numbers OIIE-SK-000014-16 (Attachment A) provided by Sempra Energy in this proceeding. Please provide all documents (including e-mails) in the possession of Sempra Energy's Regulatory Affairs department (excluding Case Management & Tariff Administration) regarding El Paso Natural Gas' proposed Yuma Lateral project.

**Response to Question No. 2:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy also objects to this question on the ground that it is unduly burdensome and oppressive in that it is duplicative of prior discovery requests. Sempra Energy further objects to this question on the ground that it is overbroad because it is not limited to the Subject Period or the relevant geographic market; the Yuma Lateral project is located in Mexico and therefore not relevant to this Investigation. Sempra Energy also objects to this question on the ground that it is beyond the scope of Phase IB of this Investigation. El Paso Natural Gas is not a Sempra Energy subsidiary or affiliate.

**Question No. 3:**

Please refer to the documents with Bates numbers OIISE-000790-809 (Attachment B) provided by Sempra Energy in this proceeding. Please provide all "earlier exchanges on this important subject" between Sempra Energy's Regulatory Affairs department (excluding Case Management & Tariff Administration) and Dr. Van Lierop's group.

**Response to Question No. 3:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Subject to and without waiving its objections, Sempra Energy responds that it will produce all non-privileged responsive documents in its possession, if any.

**Question No. 4:**

Please refer to the documents with Bates numbers OIISE-000790-809 (Attachment B) provided by Sempra Energy in this proceeding. Please provide all subsequent communications or documents related to Mr. Brill's March 14<sup>th</sup> e-mail or Dr. Van Lierop's paper.

**Response to Question No. 4:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Subject to and without waiving its objections, Sempra Energy responds that it will produce all non-privileged responsive documents in its possession, if any.

**Question No. 5:**

Please refer to the documents with Bates numbers OIISE-000853-854 (Attachment C) provided by Sempra Energy in this proceeding. Please provide all non-engineering documents (including e-mails) associated with the Adelanto Lateral Project.

**Response to Question No. 5:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy also objects to this question on the ground that it is overbroad and unduly burdensome to the extent it seeks "all" non-engineering documents and because it is not limited to the Subject Period. Sempra Energy further objects to this request on the ground that it seeks information relevant, if at all, solely to the issues in Phase IA of this proceeding, the discovery cut-off for which was April 12, 2004.

**Question No. 6:**

Please refer to the documents with Bates numbers OIISE-000853-854 (Attachment C) provided by Sempra Energy in this proceeding. Please provide all documents (including e-mails) regarding "the relationship between excess capacity and border prices" in the possession of any of the recipients of Mr. Watson's May 2, 2001 e-mail.

**Response to Question No. 6:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy further objects to this question on the ground that it is overbroad because it is not limited to the Subject Period. Subject to and without waiving its objections, Sempra Energy responds that it will produce all non-privileged responsive documents in its possession, if any, relevant to the Subject Period.

**Question No. 7:**

Please provide all documents (including e-mails) associated with the "bypass team," who responsibilities include, but are not limited to, determining if there are any customers within California that are at risk for bypass of pipelines.

**Response to Question No. 7:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy objects to this question on the ground that it is overbroad because it is not limited to the Subject Period. Sempra Energy further objects to this request on the ground that it seeks information relevant, if at all, solely to the issues in Phase IA of this proceeding, the discovery cut-off for which was April 12, 2004.

**Question No. 8:**

Please provide all documents (including e-mails) in the possession of Sempra Energy's Regulatory Affairs department (excluding Case Management & Tariff Administration) regarding El Paso's ability to serve customers in California and/or Mexico as a result of the All American acquisition or conversion.

**Response to Question No. 8:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy also objects to this question on the ground that it is unduly burdensome and oppressive in that it is duplicative of prior discovery requests. Sempra Energy further objects to this question on the ground that it is overbroad because it is not limited to the Subject Period or the relevant geographic market. Sempra Energy also objects to this question on the ground that it is beyond the scope of Phase IB of this Investigation. El Paso Natural Gas is not a Sempra Energy subsidiary or affiliate.

**Question No. 9:**

Please refer to the documents with Bates numbers OIISE-GW-000022-23 (Attachment D) provided by Sempra Energy in this proceeding. Please provide all documents (including e-mails) regarding Questar's proposed interconnection with SoCalGas that are in the possession of any of the recipients of Mr. Stewart's June 29, 2000 e-mail.

**Response to Question No. 9:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy objects to this question on the ground that it is overbroad because it is not limited to the Subject Period. Sempra Energy further objects to this request on the ground that it seeks information relevant, if at all, solely to the issues in Phase IA of this proceeding, the discovery cut-off for which was April 12, 2004.

**Question No. 10:**

Please refer to the documents with Bates number SEU-JHR-005905 (Attachment E) provided by SoCalGas in this proceeding. Please provide all documents (including e-mails) prepared by Sempra Energy's Regulatory Affairs department (excluding Case Management & Tariff Administration) that relate to SoCalGas' capacity rights on Kern River.

**Response to Question No. 10:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy also objects to this question on the ground that it is overbroad because it is not

limited to the Subject Period. Sempra Energy further objects to this question on the ground that it is beyond the scope of Phase IB of this Investigation. The issue of SoCalGas' capacity rights is solely within the scope of Phase IA, the discovery cut-off for which was April 12, 2004.

**Question No. 11:**

Please refer to the documents with Bates numbers OIISE-000759-60 (Attachment F) provided by Sempra Energy in this proceeding. Please provide all documents (including e-mails) regarding the following types of proposals in the possession of the recipients of Mr. Morrow's, Mr. Brill's, Mr. McCay's or Mr. Davis' December 12, 2000 e-mails:

- a. Proposals for ETS to purchase and store gas,
- b. Proposals for other entities (such as marketers) to offer a CPUC-approved service that involves purchasing and storing gas,
- c. Proposals for stricter balancing rules,
- d. Proposals for storage inventory requirements for electric generators or non-core customers.

**Response to Question No. 11:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy also objects to this question on the ground that it is overbroad because it is not limited to the Subject Period. Sempra Energy further objects to this request on the ground that it seeks information relevant, if at all, solely to the issues in Phase IA of this proceeding, the discovery cut-off for which was April 12, 2004.

**Question No. 12:**

[Electronic] Sempra Energy provided electronic daily position reports for Sempra Energy Resources and Sempra Energy Solutions in discovery in this proceeding. Please provide electronic daily position reports for Sempra Energy Trading for all days during March 1, 2000 to May 31, 2001.

**Response to Question No. 12:**

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy also objects to this question on the ground that it is overbroad in that it is not limited to the relevant geographic market and is not limited to electricity and natural gas. Sempra Energy further objects to this question on the ground that it seeks an enormous volume of data and is therefore unduly burdensome.

Question No. 13:

- A. Please list names and titles for all members of the "FERC Team," which consisted of employees from SoCalGas, SDG&E, SET and Sempra Energy and had at least one meeting during the Subject Period.
- B. Please list all dates during the Discovery Period when the "FERC Team" met.
- C. Please provide all communications between SET employees and employees at either SoCalGas or SDG&E related to the "FERC Team" or activities of the "FERC Team."

Response to Question No. 13:

Sempra Energy hereby incorporates its general objections, including its objections based on the attorney-client privilege and the attorney work-product doctrine. Sempra Energy objects to this request on the ground that it is overbroad because it is not limited to the Subject Period. Sempra Energy further objects to sub-questions A and B on the ground that they do not call for the production of documents and are therefore improper because the subpoena is a subpoena for the production of documents directed to Sempra Energy's custodian of records. Subject to and without waiving its objections, Sempra Energy responds that it will produce all non-privileged documents in its possession responsive to question 13(C), if any, relevant to the Subject Period.

Dated: March 3, 2005

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