

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



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Order Instituting Rulemaking to Adopt Rules and Procedures Governing Commission-Regulated Natural Gas Pipelines and Facilities to Reduce Natural Gas Leakage Consistent with Senate Bill 1371.

Rulemaking 15-01-008
(Filed January 15, 2015)

RESPONSE OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND SAN DIEGO GAS & ELECTRIC COMPANY (U 902 G) TO MOTION OF ENVIRONMENTAL DEFENSE FUND FOR THE COMMISSION TO ACCEPT SUPPLEMENTAL REPLY COMMENTS INTO THE RECORD

MELISSA HOVSEPIAN

Attorney for:

**SOUTHERN CALIFORNIA GAS COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY**
555 West 5th Street, GT14E7
Los Angeles, CA 90013
Telephone: (213) 244-3978
Facsimile: (213) 629-9620
E-Mail: MHovsepian@SempraUtilities.com

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Pursuant to Rule 11.1(e) of the California Public Utilities Commission’s (CPUC or Commission) Rules of Practice and Procedure, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) hereby submit their response to the motion of Environmental Defense Fund (EDF) for the Commission to accept supplemental reply comments into the record of R.15-01-008 related to the March 24, 2016 Administrative Law Judge Ruling Entering Summary of Best Practices Working Group Activities and Staff Recommendations Into The Record (Motion).

I. INTRODUCTION

EDF has failed to meet the standard in Rule 11.1(d) to state facts and law supporting its Motion¹ for the Commission to permit a supplemental surreply comment period in response to the previous reply comments filed on May 20, 2016. At issue in the Motion is EDF’s assertion that SoCalGas/SDG&E presented in reply comments the results of a contracted study by Conestoga-Rovers & Associates (CRA), “for the cross-evaluation and comparison of individual leak measurements associated with EDF (sic) methane mapping project.”² Many of the “facts” offered as reasons in support of EDF’s Motion with respect to SoCalGas/SDG&E’s May 20 reply comments are not facts at all – SoCalGas/SDG&E’s reply comments are mischaracterized by EDF. The one “legal” argument offered to support EDF’s Motion is that reply comments

¹ Rule 11.1(d) (“A motion must concisely state the facts and law supporting the motion and the specific relief or ruling requested.”).

² Motion, at 2.

must be “relevant and responsive to the issues raised by parties in opening comments,”³ but as shown below, SoCalGas/SDG&E’s reply comments discussing the results of the two studies were relevant and directly responsive to issues raised by EDF in opening comments. In fact, EDF commented on the very same two studies in their own set of reply comments in response to SoCalGas/SDG&E’s opening comments and asked for and received permission from SoCalGas to do so. By EDF’s logic, its own reply would suffer from the same impropriety/deficiencies that it accuses against SoCalGas/SDG&E. Thus, EDF’s reasoning is deeply flawed. There is no legal or factual basis that this would “result in an unjust outcome and decision making” as EDF claims⁴ if parties were not afforded yet another opportunity to comment.

Nonetheless, SoCalGas/SDG&E are not opposed to further comment on quantification studies as we agree with EDF that additional information in the record would benefit the Commission’s evaluation so that decisions are made based on the science. However, this additional comment period should not deprioritize more pressing issues in this proceeding. If EDF’s Motion is granted, the Commission should integrate the opportunity to further discuss quantification studies into a comment period after the cost-effectiveness workshop that is scheduled to occur in August/September based on the recent ALJ Ruling issued on June 23, 2016. The Commission should also permit parties to submit surreply comments in response to any party’s May 20 reply comments, as SoCalGas/SDG&E would like to correct EDF’s mischaracterizations of our own position on cost-effectiveness.

II. GRANTING EDF’S MOTION SHOULD NOT ELEVATE QUANTIFICATION ISSUES ABOVE OTHER FACTUAL DEFICIENCIES IN THE RECORD, SUCH AS ESTABLISHING A COST-EFFECTIVENESS METHODOLOGY

SoCalGas/SDG&E agree with EDF that “the cross-evaluation and comparison data is valuable for understanding the viability of, and developing approaches to conduct mobile mounted leak detection, issues presently before the Commission.”⁵ This is precisely why SoCalGas/SDG&E presented the results from the EDF/Colorado State University (CSU) study and CRA study because EDF raised this issue regarding the viability of quantification technologies for measuring the size of individual leaks in its opening comments. There is nothing inappropriate about a party supporting its arguments in reply refuting another party’s

³ Motion, at 2.

⁴ Motion, at 2.

opening comments by producing facts through discussion of scientific studies, which is plainly what SoCalGas/SDG&E did here:

- “Although *EDF’s comments indicate* that ‘EDF’s mapping project has estimated the size of leaks in service territories across the country demonstrating its capabilities,’ the CSU study did not validate those asserted capabilities for SoCalGas’ service territory.”⁶
- “*EDF requests* that the Commission evaluate this leak size bucket technique, ‘and then once verified include it as an option for quantification in the mandatory minimum requirements.’ Given the state of this technique and its emerging capabilities, SoCalGas/SDG&E fully supports the Commission’s further verification of the feasibility of quantifying and assigning a ‘low, medium, and high’ leak size to individual leaks.”⁷

The results from these two studies may be uncomfortable for EDF, which sponsored the CSU study in a collaborative agreement with SoCalGas. While EDF has made abundantly clear throughout this proceeding that it wishes to promote the use of mobile methane sensor technologies such as Picarro⁸ to quantify individual leaks by size, these study results are appropriately asserted facts in SoCalGas/SDG&E’s reply. EDF may *dispute* those facts, as it has throughout this proceeding as discussed further below, but that does not form any legal or factual basis to afford an opportunity for surreptitious comments on these studies.

Nonetheless, despite the flawed arguments EDF offers in its Motion to justify additional comments on these studies, SoCalGas/SDG&E welcome another opportunity for stakeholders to comment on this and any other studies regarding quantification technologies. This is an important issue that has been vigorously debated throughout the course of this proceeding and in informal workshops. Because Staff’s Best Practices Report proposes mandatory Best Practices relying on quantification technologies,⁹ it is critical that other stakeholders, and Staff in

⁵ Motion, at 3.

⁶ SoCalGas/SDG&E Reply Comments, at 13 (quoting EDF Comments, at 19)(emphasis added).

⁷ SoCalGas/SDG&E Reply Comments, at 13 (quoting EDF Comments, at 19)(emphasis added).

⁸ SoCalGas/SDG&E do not dispute “the viability of mobile mounted methane sensors.” Motion, at 2. We are challenging the ability to accurately quantify typical leaks from buried pipelines through the use of this technology.

⁹ See Administrative Law Judge’s (ALJ) Ruling, dated Mar. 24, 2016, Attachment 1 (Staff Best Practices Report), at 18-19 (“More frequent periodic, possibly quarterly, leak detection and repair (LDAR) inspections at above ground transmission facilities with repair dates determined by leak size.”)(“Use of hand held detection devices to identify & quantify the sources of leaks”)(“The leak repair time for Grade 2 and Grade 3 leaks above a certain size threshold (TBD) are repaired on an accelerated timeline”).

particular, evaluate such studies and the merits of both SoCalGas/SDG&E and EDF's assertions regarding the viability of quantification technologies. In fact, the two studies by EDF/CSU and CRA were not the only ones mentioned in SoCalGas/SDG&E's reply comments.

SoCalGas/SDG&E noted in that same section of its reply that "a recent study by ICF, released last month, came to the same conclusion: 'These studies are primarily computing the concentration of methane at a given point, but calculating the actual volume of methane requires additional calculations based on time, wind, and dispersion, methodologies which are still under development.'"¹⁰ Curiously, EDF's Motion does not mention this ICF study.

SoCalGas/SDG&E are happy to post their summary of the results from both the EDF/CSU and CRA studies on their website for stakeholder review and comment if EDF's Motion is granted. However, SoCalGas/SDG&E are concerned about EDF's proposal to carve out a comment period dedicated solely to this one narrow issue. An ALJ Ruling was just issued on June 23 entering the Staff Workshop Report summarizing the April 12 workshop and presentation materials into the record followed by an opening and reply comment period on July 15 and 22 respectively. It would be more efficient for the Commission to integrate EDF's request into the next anticipated milestone, which based on the June 23 ALJ Ruling, would be after the cost-effectiveness workshop is held in August/September.¹¹ After the workshop, the next ALJ Ruling should include a written Staff Proposal on a compliance framework as contemplated in the Scoping Memo,¹² which should incorporate Staff's proposed cost-effectiveness methodology, and provide for a similar opening and reply comment period. That ruling could include as part of a list of Staff questions a request for stakeholder comments on cost-effectiveness issues and this quantification issue and any relevant studies. Page limits for opening and reply comments should also be a reasonable length to permit adequate discussions of such complex scientific studies without parties having to sacrifice addressing the cost-effectiveness issues.

But this quantification issue should not take precedence over the higher priority milestones of the compliance framework questions in the June 23 ALJ Ruling to be answered

¹⁰ SoCalGas/SDG&E Reply Comments, at 13 (quoting ICF International, "Finding the Facts on Methane Emissions: A Guide to the Literature," at 5-2 (Apr. 2016) (emphasis added)).

¹¹ ALJ Ruling, issued June 23, 2016, Ordering Paragraph (OP) 5.

¹² Scoping Memo, at 18 (noting "Initial and Reply Comments on CARB/CPUC Staff Proposal" in the schedule).

during the July comment period, and establishing a cost-effectiveness methodology thereafter at this critical stage of the proceeding, which is both a statutory and Scoping Memo requirement.¹³

III. EDF MISCHARACTERIZES THE EDF MOBILE MAPPING STUDY AND CRA RESULTS AS “NEW” INFORMATION IN THIS PROCEEDING AND FALSELY ACCUSES SOCALGAS/SDG&E OF SUBMITTING IMPROPER REPLY

Although EDF asserts that SoCalGas/SDG&E raised this “new” information “for the first time,”¹⁴ this is not a new issue nor new information in this proceeding. These have been continuously contested facts. Dr. von Fischer presented on the EDF/CSU mobile mapping study on October 27, 2015 and the presentation was entered into the record with parties commenting on size binning.¹⁵ SoCalGas/SDG&E have previously noted that the EDF/CSU mobile mapping study revealed false positives and other concerns.¹⁶ SoCalGas/SDG&E also noted in opening comments that other studies do not validate the viability of such quantification technologies.¹⁷ Thus, although SoCalGas/SDG&E are not opposed to further comment on quantification studies, there is no legal or factual basis that this would “result in an unjust outcome and decision making” as EDF claims¹⁸ if parties were not afforded yet another opportunity to comment.

EDF also insinuates that SoCalGas/SDG&E’s inclusion of these two studies’ results were somehow inappropriate for reply.¹⁹ Again, SoCalGas/SDG&E did not raise a new *issue* or argument in reply that was not raised in or responsive to another party’s opening comments. As explained above, SoCalGas/SDG&E appropriately replied to EDF’s opening comments on this issue and defended those arguments with facts. Indeed, this is exactly what EDF did in its own

¹³ See Scoping Memo Question #2.a.

¹⁴ Motion, at 2.

¹⁵ Dr. Joseph von Fischer, CSU, “Leak quantification using mobile-mounted sensors,” presented Oct. 27, 2015 and entered into the record via ALJ Ruling, issued Oct. 29, 2015 E-Mail Ruling Entering October 27, 2015 Workshop Materials Into The Record And Seeking Comments On Refinement To The Annual Reporting Requirements And Cost Effectiveness Considerations. See also Joint Utilities’ Reply Comments, dated Nov. 6, 2015, at 7-8 (opposing size binning strategy of Joint Parties).

¹⁶ See, e.g., ORA Opening Comments, dated May 6, 2016, at 5 (“[I]t has already been discussed that this technology is unreliable in SoCalGas’s service territory due to the higher amount of natural methane produced in its service territory due to oil and gas production, which leads to false-positive results.”)(citing Summary of Best Practices Working Group Activities and Staff Recommendations, Attachment A, which notes SoCalGas’ discussion from Working Group Session #4 in cell H24).

¹⁷ SoCalGas/SDG&E Opening Comments, at 18, 21 (discussing the CEC’s Cal State Fullerton study demonstrating a poor correlation between methane concentration in air and volume of emissions).

¹⁸ Motion, at 2.

reply comments on this same issue in response to SoCalGas/SDG&E’s opening comments – it discussed the results of the two studies.²⁰ Clearly, this is a disputed issue among EDF and SoCalGas/SDG&E – one which they both commented on in the same set of reply comments. While SoCalGas/SDG&E certainly disagree with EDF’s claims on this issue, EDF is not entitled to a second opportunity to respond.

Accordingly, there is no legal or factual basis to grant EDF’s Motion based on the reasons proffered. If EDF is suggesting that facts submitted in reply comments that are directly responsive to an issue raised in another party’s opening comments should afford surreply comments, it would likely open the door to many requests for surreply that may not be warranted. Nonetheless, the quantification issue is a relevant one whereby the record before the Commission may benefit from additional comments by all stakeholders.

IV. EDF INCORRECTLY ASSERTS THAT SOCIALGAS/SDG&E MISCHARACTERIZED OR MISTATED FACTUAL ISSUES IN THE RECORD

EDF asserts that in SoCalGas/SDG&E’s reply comments, “several comments were made that mischaracterized the nature of the collaboration between EDF and the utility (notwithstanding EDF’s full sharing of data with Sempra, Sempra declined to share data necessary to verify the accuracy of any statements, or assess the incidence of false positive).”²¹ EDF further asserts that “Sempra’s comments similarly mischaracterized the nature of the relationship with CRA and its evaluative study on the EDF/CSU data, stating it was concurrent with the EDF leak surveys, although such evaluation was conducted at some point after the EDF/CSU leak survey.”²² Finally, EDF asserts that “From that CRA data, Sempra evaluated the presence or lack of a correlation between the EDF data and the CRA data, and mischaracterized the outcome.”²³

¹⁹ See Motion, at 2 (“To allow reply comments to raise new issues of law or fact, such as new data) without affording other parties an opportunity to respond. . . .”).

²⁰ EDF Reply Comments, at 9-11 (“EDF’s mapping project, in which EDF mapped 4 cities in the Los Angeles area, on average found one leak every five miles driven. . . .”) (“ While conducting the leak survey for EDF’s Mapping Project,”) (“Furthermore, after mapping the LA cities, SoCalGas had a third party evaluate the study which found a significant correlation between atmospheric concentration and relative leak size, ($r^2 = 0.47$, $p < 0.0001$).”).

²¹ Motion, at 3.

²² Motion, at 3.

²³ Motion, at 3.

On the contrary, SoCalGas/SDG&E were very open and shared our results with EDF. EDF gives the false impression that they were not given an opportunity to discuss the CRA results when SoCalGas specifically shared those results with them in June 2015 as part of our collaborative mapping study effort with EDF/CSU. We were not able to share confidential data pursuant to a nondisclosure agreement. EDF never voiced a desire to do any additional work on false positives or participate in verification of leakage flux estimates.

Moreover, SoCalGas explicitly provided written authorization on May 19, 2016 upon EDF's request for them to discuss the CRA results in their own reply comments. As EDF concedes, they mentioned the CRA results in their reply comments.²⁴ EDF's false claim that a "substantive discussion was not included"²⁵ in their reply does not warrant that EDF should get a second opportunity to do so. Nor do we believe we "mischaracterized the outcome" of those results. EDF does not substantiate its allegation. As mentioned above, we are happy to post those results on our website for stakeholders to review.

SoCalGas/SDG&E also did not misstate the nature of the relationship with CRA by saying the study was "concurrent with the EDF leak surveys." SoCalGas never stated this, as shown in the following section of its reply:

SoCalGas concurrently contracted with GHD Services, Inc. (GHD) formerly known as Conestoga-Rovers & Associates (CRA) to measure the surface expression on a sample of the locations where a leak was confirmed on a buried Main or Service. When compared to the actual leak rates determined by using the same technique used in the study with EDF and Washington State University for assessing methane emissions from the distribution sector, unfortunately there was a very poor correlation to the emissions size buckets by EDF/CSU.²⁶

V. IF EDF'S MOTION IS GRANTED, THE COMMISSION SHOULD AFFORD PARTIES THE OPPORTUNITY TO RESPOND TO ANY PARTY'S MAY 20 REPLY COMMENTS

SoCalGas/SDG&E take the wrongful accusations asserted in EDF's Motion very seriously. Unfortunately, this is not the first time EDF has inaccurately depicted SoCalGas/SDG&E's statements, including in EDF's own May 20 reply comments.

For example, throughout the May 6, 2016 opening comments, many of the gas corporations (and ratepayer advocate groups like TURN) shared their concern that cost

²⁴ Motion, at 3.

²⁵ *Id.* See *supra*, note 20.

considerations were not adequately considered as a criterion in the Staff Best Practices Report.²⁷ However, in reply comments, EDF dismisses those concerns and completely mischaracterizes the utilities' position, stating:

It is in part because of the utility's own actions that a full cost effectiveness framework has not yet been developed – this should not be rewarded. Inconsistencies in leak data provided to the Commission in 2015, the lack of tracking of emissions reductions, and the fact that utilities (who hold all the information necessary to estimate the cost of each procedure discussed) did not provide data or analysis when it was requested makes that strict cost-effectiveness evaluation impracticable at this time.²⁸

SoCalGas/SDG&E reiterates that they indeed presented and emphasized the critical need for cost-effective models for stakeholders' consideration repeatedly during each comment period, workshop, and working group session since at least October 27, 2015.²⁹ In the absence of stakeholder discussion of a cost-effectiveness methodology through the Best Practices working group sessions, even after SoCalGas/SDG&E presented its methodology for consideration at the very first session and mentioned it and another variation of it again at the last session, we refrained from engaging in subjective guesswork on the costs of proposed Best Practices during those sessions because the proposals would need more study based on an actual methodology.

The Commission may still desire to grant EDF's Motion for other reasons, such as developing a more robust record on quantification issues based on the science – reasoning that SoCalGas/SDG&E support. However, EDF's pet issue should not be given special treatment over other issues that EDF has previously stated are “secondary,”³⁰ such as due consideration of cost-effectiveness that is required by the statute, especially when EDF mischaracterizes other parties' positions on the issues. Accordingly, if the Motion is granted, the Commission should permit parties to submit surreply comments in response to any party's May 20 reply comments, not just the two quantification studies discussed in both SoCalGas/SDG&E and EDF's reply

²⁶ SoCalGas/SDG&E Reply Comments, at 12.

²⁷ See, e.g., SoCalGas/SDG&E Opening Comments, at 2; Southwest Gas Opening Comments, at 2-3; TURN Opening Comments, at 1-2 (“TURN does not believe the Staff Report adequately considers the cost effectiveness of its recommended mandatory best practices.”).

²⁸ EDF Reply Comments, at 4.

²⁹ See SoCalGas/SDG&E Methane Leak Abatement Proceeding Workshop on Cost-Effectiveness and Best Management Practices presentation, dated Oct. 27, 2015, *available at* <http://www.cpuc.ca.gov/riskassessment/>; Joint Utilities Opening Comments, dated Oct. 30, 2015, at 9; Joint Utilities' Opening Comments, dated Nov. 20, 2015, at 3-7.

