

From: Cherry, Brian K  
Sent: 12/14/2010 8:46:19 PM  
To: 'pac@cpuc.ca.gov' (pac@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: Fw: L132 Expenditures in last GT&S Rate Case

This is still too wordy for me. Hope you can make sense of it.

**From:** Horner, Trina  
**Sent:** Tuesday, December 14, 2010 06:47 PM  
**To:** Cherry, Brian K  
**Cc:** Yura, Jane; Marre, Charles  
**Subject:** L132 Expenditures in last GT&S Rate Case

Here is a summary of what the numbers show. Let me know if you agree this better answers the question. Chuck can correct if I've mis-read the data.

**Background:** Capital projects are grouped into standardized "Major Work Categories", such as Gas Transmission Reliability-Pipeline, Gas Transmission Reliability-Station, Pipeline Integrity Program Management, Environmental Projects, Tools & Equipment, etc. Of all those categories, any pipeline safety/reliability work is covered by two of them: Gas Transmission Reliability-Pipeline, and Pipeline Integrity Program Management. And the \$4.9 million of Line 132 work in South SF that was forecast to take place mostly in 2009 was included in the first category: Gas Transmission Reliability-Pipeline.

**Summary:** During the 2006-2009 GT&S Rate Case period, there were 33 projects across all Major Work Categories that, collectively, PG&E forecast it would spend \$126 million on during that period, but ultimately did not. The 1.5 mile section of Line 132 in South SF was one of them. During the same period, PG&E spent \$178 million on 48 capital projects (again, across all Major Work Categories) that were NOT identified at all at the outset of the rate case period. So during that rate case period, PG&E spent \$52 million more on NEW projects than on planned-but-not-done projects across all Major Work Categories.

**Important Note:** There is a third category of projects not captured here, which is projects PG&E included in its forecast and that it did spend money on. We can compare forecast vs actual spent but I don't think it is quite relevant to the question of "if PG&E didn't spend it on L132, what did it spend it on?".

**Additional detail:** While the process doesn't get as detailed as to identify precisely which of the 48 capital projects were the replacement(s) for the Line 132 work, we have the lists - sorted by Major Work Category -- of all of the 33 projects that PG&E forecast but did not do, as well as the 48 projects that PG&E did not forecast, but did do. So if you wanted to see examples of what PG&E spent money on instead of Line 132 in 2009, those lists show them. They also show, for example, that in 2009 when PG&E had originally forecast to complete the Line 132 work, PG&E forecast capital spend on Gas Transmission Reliability-Pipeline projects at \$10.4 million, and ended up spending \$13.3 million that same year in that Major Work Category. So in that year PG&E outspent its forecast on pipeline reliability projects, even though it did not do the L132 forecast work.

We can and have provided the lists of specific projects to Energy Division, tonight. The lists are interesting in terms of seeing what were the projects that were not done and what was added, but

there's a lot of detail there that this all attempts to summarize. Is this narrative helpful in your view, or would a simplified table be more helpful? Or both?