

From: Dowdell, Jennifer
Sent: 6/27/2011 7:04:48 PM
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Cc: Horner, Trina (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TNHC);
Redacted; Marre,
Charles (/O=PG&E/OU=Corporate/cn=Recipients/cn=CMM6)
Bcc:
Subject: Cost Recording Clarification

Michelle,

I want to make sure everything I said today is completely correct. Below are a few clarifying points from Chuck Marre. Will set up a call tomorrow to give you a more complete answer, but hopefully the info below will help in the interim.

Thanks again for your patience. Please don't hesitate to call me if you need to.

Jennifer
415-973-2904: Office

Redacted

A couple of clarifying items per Chuck :

*two - way balancing account: This is not at all related to integrity management or reliability.

*Integrity Management (1- way balancing account): this applies to the expense portion of the program only (not capital). The scope of this work includes completing the initial assessment of the HCAs (consistent with CFR 40, subpart O) by 2012 and the ongoing re-inspections required in 7 year intervals. Of the three methods mentioned - ILLI, pressure testing, and Direct Assessment - PG&E noted in filed testimony that it does not expect to do an pressure testing during this rate case period.

*Integrity Management (capital) -- the settlement adopts are proposed capital expenditure. Additionally, in testimony PG&E identifies pipelines to make piggable. In developing the Implementation Plan forecasts these projects were excluded from the Plan forecasts - with the understanding they are performed as part of Gas Accord V.

*Reliability - includes work associated with class location changes, integrity management work (replacement) and cathodic protection. We settled on an amount almost equal to that requested in testimony (~98%).