

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

Order Instituting Rulemaking on the
Commission's Own Motion to Adopt New
Safety and Reliability Regulations for Natural
Gas Transmission and Distribution Pipelines
and Related Ratemaking Mechanisms

R.11-02-019
(Filed February 24, 2011)

**REPORT OF PACIFIC GAS AND ELECTRIC COMPANY
ON STATUS OF MAXIMUM ALLOWABLE OPERATING
PRESSURE VALIDATION PROJECT**

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Pacific Gas and Electric Company (“PG&E”) hereby provides a brief status update on PG&E’s Maximum Allowable Operating Pressure (“MAOP”) validation efforts. As stated in the September 12, 2011 status report, PG&E completed the MAOP validation for all Priority 1 through Priority 4 miles by the August 31, 2011 completion date within the stringent quality guidelines set by the California Public Utilities Commission (“Commission”) in the interest of public safety.

PG&E is submitting this status report on our MAOP validation effort as a courtesy and to inform interested parties of the minor re-prioritization discussed below. PG&E has fulfilled the monthly status report requirement consistent with “PG&E’s Compliance Plan for NTSB Safety Recommendations” (“Compliance Plan”), submitted to the Commission as part of the March 24, 2011 stipulation between PG&E and the Commission’s Consumer Protection and Safety Division. See PG&E’s Compliance Plan for NTSB Safety Recommendations, at pp. 2-3. As explained in prior monthly reports, the CPUC has not directly ruled on the Compliance Plan, although Decision No. 11-06-017 directed PG&E to complete its MAOP validation effort. D.11-06-017, Ordering Paragraph 1.

The fundamental goal of this unprecedented effort is to “ensure safe operations and to restore public trust,” pulling together complete and detailed records with which to validate the MAOP of PG&E’s gas transmission system. D.11-06-017, at p.17 and Ordering Paragraph 1, at p.30. PG&E appreciates and supports the Commission’s focus on both enhancing safety and restoring the public’s trust reflected in the Commission’s various directives on this project.

PG&E’s March 21, 2011 Request for Approval of Compliance Plan and Supplement to Report on Records and MAOP Validation contemplated validating approximately 1050 miles of Priority 5, 6 and 7 pipeline segments by December 31, 2011. See March 21 Request for Approval, at p. 17. PG&E has decided to also complete the MAOP Validation for an additional approximately 280 miles of pipeline segments. These approximately 280 miles include segments that have changed in class designation (from Class 1 or 2 to Class 3 or 4) and non-HCA segments for upcoming winter gas needs.

Notwithstanding this re-prioritization, PG&E will still complete 1805 miles by December 31, 2011, as originally contemplated. However, due to the re-prioritization, the 1805 miles completed by year-end will not be all of the original Priority 5, 6 and 7, but will include some of the new approximately 280 miles of pipe. PG&E will complete the MAOP validation for original 1805 miles, plus the additional 280 miles, by January 31, 2012.

Once the validation of the approximately 2,085 miles identified above is complete, PG&E will commence the MAOP Validation work for its remaining non-HCA gas transmission pipelines (approximately 4,660 miles), which will be completed in early 2013. Priority for these miles will be based on pipelines with the highest perceived risk and system operational impact and consistent with the pipe modernization decision tree included in the Pipeline Safety Enhancement Plan.

PG&E remains committed to operating and maintaining its gas transmission pipeline system safely and reliably. Even though PG&E has completed the Priority 1 through Priority 4 work discussed in the Compliance Plan, PG&E is continuing its aggressive effort on this important work with the same level of diligence and rigor. As outlined above, PG&E’s focus

