SAN FRANCISCO, CALIFORNIA, NOVEMBER 1, 2011 -1 2 1:35 P.M. 3 4 ADMINISTRATIVE LAW JUDGE YIP-KIKUGAWA: The Commission will come to order and we'll 5 be on the record. 6 7 This is the time and place for the prehearing conference in Order Instituting 8 9 Investigation 11-02-016 into the Operations and Practices of Pacific Gas and Electric 10 11 Company with Respect to Facilities Records 12 for its Natural Gas Transmission System 13 Pipelines. 14 And good morning. I am -- good 15 afternoon I should say. I am Administrative 16 Law Judge Yip-Kikugawa, and seated to my 17 right is the assigned Commissioner, 18 Commissioner Florio. 19 The agenda for today is to first 20 consider Legal Division's October 19th notice 21 and motion and also to set the schedule for 22 the filing of testimony and schedule 23 hearings. 24 Are there any appearances that I 25 need to take at this point before we go any 26 further? 2.7 (No response) 28 ALJ YIP-KIKUGAWA: Okay. Let's first

turn to Legal Division's motion. Before we do that, I guess, Mr. Cagen, you had handed out also an agenda of some items that need to be covered. I think at least with respect to the motion we can go forward with that first.

So just briefly what I would like to clarify is that for the purposes of your motion, was it specifically directed to the ECTS database that you're commenting on the 583 designation, or were there other databases that you were concerned about?

MR. CAGEN: At the time we made the motion, your Honor, we were concerned and remain concerned about all of PG&E's databases and how to release information that we believe is important for future-looking safety.

ETS -- ETCS is one of a number of databases that PG&E has. There are over 2 million documents in that ECTS database. And we had hoped to develop some procedure by which we don't need to check with PG&E each and every time we feel it's important to release safety information publicly.

However, in light of PG&E's response to our motion with respect to not the merits of the safety that we were discussing but the response concerning confidentiality, we are

satisfied that PG&E has provided a means in 1 this instance by which we could release the data, which PG&E has done yesterday apparently in response to the motion. And we have checked today with them about some additional information we'd like to make public, and they have agreed to do that. And that was -- that is contained in the white folders that I handed out before the hearing today.

ALJ YIP-KIKUGAWA: Okay. So this is the additional -- in the white folders, additional information beyond what had been submitted vesterday?

> MR. CAGEN: Yes.

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ALJ YIP-KIKUGAWA: Okav.

MR. CAGEN: Your Honor.

ALJ YIP-KIKUGAWA: Yes.

MR. CAGEN: At some time today I'd ask your leave to show you and Commissioner Florio and the parties that are here at this prehearing conference material that supports the reasons why we wanted to make this material public. We think -- we thought when we made our motion and we certainly continue to think that today that it's very important safety information. And we've received a lot of criticism and pushback from PG&E as to

whether this is an imminent safety problem or not. Again, we strongly believe that it is. And we believe we can show that to you today if we have ten minutes to discuss this matter.

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ALJ YIP-KIKUGAWA: Okay. Why don't we do that now.

MR. CAGEN: All right. Thank you, your Honor.

The release of the safety information pertaining to reused pipes and weld defects on Line 132 really has its derivation or at least its confirmation in the NTSB order of about a month and a half There the NTSB pointed out that ago or so. there were probably bad welds or insufficient welds on Line 132. And they certainly also pointed out that a minority of the pipe that went into Line 132 during that period of the late '40s was tested. I think about 10 percent. And they very clearly said that it is probable that other leaks -- I'm sorry -other weld problems remain today in the ground in Line 132 unless that pipe has been removed.

Now, we know that PG&E has removed pipes from Line 132 and other projects within PG&E and has moved them to either the same

line or to different transmission lines. We know that they've done that. And the NTSB has also quite clearly stated that they cannot trace the derivation of the pipe that exploded in September of 2010 at San Bruno.

Now, basically, the documents and data responses that we'll bring to your attention mean that PG&E has not tracked and cannot track the location of reused pipe or unsafe reused pipe in its system.

Margaret Felts, our consultant, located these documents on PG&E's database, not PG&E, but our consultant, who went through the 2 million some documents and got some of these documents out. They are by no means all the documents that there are that show the reuse of pipe. They are some or a few. What percentage we don't know.

The documents at the end of PG&E's package that they handed out today are handwritten documents from the year 1948. We have no idea whether they're documents that the NTSB looked at or not, but these documents identify poor welds in Line 132 that PG&E accepted into service in 1948.

ALJ YIP-KIKUGAWA: Okay. What page are you looking at? On page 83 or what page are you?

MR. CAGEN: It's the last eight pages. It would be -- they're marked pages 76 through 83, your Honor.

ALJ YIP-KIKUGAWA: Thank you.

MR. CAGEN: And this, pages 76 through 83, Ms. Felts has pointed out are not the entire report. They're selected pages from the report that she pulled off of the ECTS database. But you can look and see that there are welds here that were found as borderlined or some other problem with them that were accepted. And that is what the NTSB said in its report.

And that's, we think, a particular problem when used pipe is taken from Line 132 and other lines in the system and is reused in the system again. There is no means to track that that's available to PG&E on anything other than looking through millions of documents for that and doing the same sort of search that Margaret Felts did.

The documents that we have seen identify multiple times that PG&E has reused pipe dug up from Line 132 after 1948 and from other lines and have gone to other jobs to be installed, not to recycle. The documents identify pipe from 1930s vintage that's reused in 1950 or later.

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As an example of it in the PG&E documents and the ones that Margaret Felts found is page 38 of PG&E's showing here. And that shows 4,463 foot of pipe, 22-inch diameter, salvaged and reused and originally installed in the year 1930. And you can see on the date that it was put through the Milpitas yard apparently in October of 1954 and was used in another pipeline project after that.

Now, the data responses we've received, and I think they're in the manila folder package, also show that in the GIS system, one of PG&E's computer systems, PG&E identifies reused pipe as new pipe per the year of its installation.

Now, on PG&E's GIS at least before 2010 and probably today that 3,000 or 4,000 some feet of pipe is 1956 pipe. It's 19 -- it's not 1930s pipe. It's 1956 pipe. We think that raises significant safety concerns. And we felt we had to draw that to parties' attention.

The data responses also show that PG&E cannot track reused pipe and where it's located in the system.

They simply can't do that. And they don't have the recordkeeping capability to

access that information.

They keep their records on the relocation of used pipe in what's called job files which are the 2 million documents on the ECTS database that Margaret Felts looked through and looked for this information. But it's not in any sort of format where you can go to a particular pipeline and start searching for reused pipeline and see what's in the ground. They don't know that at this instance.

Now, the data responses -- PG&E has said, look, this is not reused pipe; this is refurbished pipe. Now, if you take a look at their data response, which is in there, about refurbished pipe, you'll see it really adds nothing to the safety of the pipe by saying it's refurbished rather than simply reused.

There seems to be, first of all, no standards that we see, and this is in PG&E's response, for the reuse of the pipe. And they simply point to what industry practice may have been in 1955 or so, but they don't have any standards that they've located. And that's in the data response.

PG&E apparently cuts off an inch or two of the pipe and regrafts it. Then as far as we can tell from their answer, the pipe is

ready to go. We don't see any inspections of welds. We don't see X-rays as part of their procedures. We just don't see that. And it's not anyplace where PG&E has been able to identify that for us.

So we think that provides concern for safety.

In the data response, when we identify these documents to PG&E, PG&E told us we want to know what documents you have that you got off of our database so that we can see if there really is a safety problem. We told them that we will be glad to do that after they gave us an honest and a comprehensive and well researched answer on whether they had reused pipe. And that was due two days I think from the time in which we filed our motion.

And the reason we wanted to do that, your Honor, is we wanted to make sure that we gave them an incentive to look for all the documents on their system that showed the reuse of pipe.

Now, they came back with a response, and I think it's in the package, that they're not aware of any instances in which they reused pipe except for these reconditioned pipes, which to us doesn't mean much from

PG&E's own words.

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So in conclusion, we were trying to do something for safety here to alert parties to what we saw and still see as a significant safety concern. And I'm afraid the confidentiality of part of the thing got overemphasized by us when we filed the motion, but the main reason that we filed that motion was to get that material out there for safety consideration. And our team talked about it and felt that it would be irresponsible of us to wait until the month of February when we hope and expect to have our testimony out to release that information which we think is something that parties and the Commission at least may wish to consider at this moment.

So thank you very much. Be glad to answer any questions.

There is one other thing that I forgot to point out, and that is that the package should contain a shipping notice from, right at the front, from Milpitas from the year 1955. This is a pretty poor copy, but it's as good as PG&E or anyone could get, on the top right. But what it shows is 29-and-a-half foot of 30-inch pipe in the Milpitas yard described as short pups and

1 scrap in the year 1955. And it is identified 2 as "junked" also in kind of the upper middle of the page. We don't know whether this pipe 3 4 was reused at San Bruno or at any other place. But I can tell you for sure that PG&E 5 6 doesn't know that either. And -- actually, CPSD asked that data request and received the answer, well, they believe it was junked but 8 9 they really didn't have any other documents 10 showing that it was not reused other than 11 this particular document. And they refer to 12 the weight of 3,245 pounds as being 13 information that would be interesting to 14 perhaps the salvage yard or shipping company. 15 But, of course, that's true if you have to 16 haul 3,245 pounds to a job site and install 17 the thing in the ground. 18 What I'm saying is that there's 19 nothing inconsistent between this document 20 and the San Bruno tragedy. 21 So, thank you very much. And if you 22 have questions, we'll be pleased to answer 23 them. 24 ALJ YIP-KIKUGAWA: Thank you. 25 COMMISSIONER FLORIO: Yes. I just want 26 to clarify. 27 Has the issue of confidentiality 28 been worked out? As I understood it, PG&E

wanted to look at the documents and redact names and such, and then they were okay with releasing it.

MR. CAGEN: That is what was worked out in this instance on all the documents that I handed out in the folder. And we think that is probably a working arrangement that we can live with. Until it turns out to be an administrative problem, we will continue doing that and notify the Commission and PG&E if we feel some other arrangement should be made.

COMMISSIONER FLORIO: Just to clarify, Mr. Malkin or Ms. Jordan, if other parties have obtained some of this information and want to use it, is the same process available to them?

MR. MALKIN: Yes, it would be,
Commissioner Florio. This particular
information comes, as Mr. Cagen said, from
PG&E's live database that's used today, every
day, in the MAOP validation. The documents
that we have produced in this proceeding, we
have produced public versions of every single
document where we have redacted names of
nonmanagement employees and specific
locations of critical infrastructure. And
that is what we will do if CPSD wants to make

public additional documents from the ECTS database.

Because it is a live database that's used in real work, we can't redact 2 million documents and get the work done. But we will do that promptly with any materials that any party to this proceeding wishes to make public.

COMMISSIONER FLORIO: Have there been any disputes over confidentiality, or has this been pretty straightforward?

MR. CAGEN: There have not,

Commissioner. All PG&E did with the

redaction of documents is make sure there

were no names still attached to those

documents.

COMMISSIONER FLORIO: Mr. Cagen, on this issue of reused pipe, I see a lot of different terms here, junk, scrapped, reused. Is it Legal Division's view that reuse of pipe is always inherently unsafe?

MR. CAGEN: No.

COMMISSIONER FLORIO: Can you elaborate.

MR. CAGEN: Yes. We understand that PG&E's particular reuse of pipe is unsafe because primarily they have had no system to track what it is that is being reused and

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where it has gone and is being reused. And because PG&E's even current database of GIS simply refers to the pipe being in the ground as being the date of reinstallation rather than the date of the pipe's manufacture and vintage, and you get entirely different kinds of pipe and characteristics of pipe from 1930 than you do from pipes of 1965 or 1970 or whenever it's being reused, but their database does not reflect that.

COMMISSIONER FLORIO: Is there anything that you're asking us to do today based on what was in your pleading that you filed? Is it information only at this point?

MR. CAGEN: Well, I will characterize it as being very important information only. By that, I mean we firmly believe that this has important safety, forward-looking safety ramifications, and we're not the parties to the Rulemaking, but we certainly did want the Rulemaking parties and decision makers to be aware of this matter for purposes of this proceeding or for purposes of those proceedings.

COMMISSIONER FLORIO: Thank you.

ALJ YIP-KIKUGAWA: Mr. Malkin or

Mr. Linn, would you like to respond to

28 | Mr. Cagen?

I would, your Honor. 1 MR. MALKIN: 2 I think it's important for the 3 Commission and for the public to have a 4 proper understanding of the issues that Legal Division has raised so that the alarm that 5 6 Legal Division has attempted to create will be tempered by the real facts. 8 They raised essentially two clusters 9 of issues, one around Line 132 and the other 10 around the issue of reused pipe. 11 First, let me say about Line 132. 12 That line today is operating at a maximum 13 operating pressure of 300 psig. That is 25 14 percent less than its MAOP, 20 percent less 15 than the operating pressure prior to the San 16 Bruno accident. 17 So today there is a huge additional 18 safety margin built into the operation of 19 Line 132 on top of that inherent in the MAOP 20 itself. 21 The MAOP under pipeline regulations 22 is, for that area, no more than 50 percent of 23 the specified minimum yield strength of the 24 1 pipe. 25 So we have an additional margin of 26 safety on top of that. 27 But with respect to the specific 28 issue that the Legal Division has raised from

the handful of documents in the back of -it's in the back of the appendix, first let
me say, the entire job file for the
construction of Line 132 was provided to the
NTSB as part of its investigation and to the
party participant for this Commission in that
investigation. So those records have been in
the hands of the safety regulators here and
the NTSB for approximately one year. So
nothing in these documents is new.

What they show is welding technology in 1948 was different from what it is today. But whatever the technology, there is always a realm -- a range of acceptability. We would all like to think that only perfection is accepted everywhere, and certain standards today are much tighter because the technology allows achieving much better welds today.

What these documents reflect is that the inspection of the welds on Line 132 when it was first constructed in 1948 did the job it was intended to do. Many of the welds are marked here as being okay and accepted. There are other welds that are not marked okay that are not accepted. And that's exactly what we would have wanted to have done.

Now, the people conducting the

review of the radiographs of these welds were very thorough at that time. They made notes where they saw imperfections in the welds even though those imperfections did not make the welds unacceptable.

So we have now, looking back with 63 years of hindsight, we can look at these and say, oh, my, look at that. They accepted welds with gas pockets with a slag inclusion. And that's true. That's what the document reflects. But those were imperfections that were entirely within the standards of the time and entirely safe according to the engineering analysis of that time.

Now, the Commission has the right and PG&E is also asking the question: Were those standards of the time good enough for today? And the answer that both the Commission and PG&E have come up with is no. And that is why the Commission is doing away with grandfathering, why PG&E supported that safety step, why PG&E today is engaged in a series of additional safety steps on top of what is required by the regulations.

PG&E is doing an MAOP validation that will by the end -- beginning of 2013 cover every inch of every transmission pipeline in the system. PG&E this year is

going to hydro test an additional 152 miles of its transmission system. Under its pipeline safety and enhancement plan PG&E is going to hydro test and replace still additional miles of pipe over the next couple of years and even more in the years following that.

And that is on top of the normal integrity management program that's looking at Line 132 obviously through a much different lens today than before the San Bruno accident, looking carefully at Line 132 and the other lines.

So lest people be alarmed by what they see in these documents, they should understand the line is operating at an extremely low and safe pressure today. It is receiving extra scrutiny from PG&E both through its MAOP validation and its normal integrity management program, and the oldest pipes in the system are those that are targeted for replacement for testing under the pipeline safety enhancement plan.

The other issue that Legal Division raised: reused pipe. That is something that was common in the industry. You could get the impression from Legal Division's comments today that PG&E was an outlier. Only PG&E

reused pipe. Nobody knew we were doing it. We were doing it in the dead of night, and now we don't even know where it is.

Well, those impressions, dramatic as they may be, are not accurate. First of all, Attachment B to the supplemental response that we submitted makes clear that while this may be new to Legal Division, the reuse of pipe, indeed, the reuse of pipe decades old is nothing new to the Commission.

Attachment B is a July 22nd, 1965

letter from the Commission to PG&E

acknowledging receipt of a letter for a

proposed extension of 8 miles of 16-inch

pipeline in a Class 3 location. And what it

says is that the pipe material used is

salvaged and reconditioned pipes from Main

No. 100 originally installed in 1929. And

then it goes on to inform PG&E what under

General Order 112 A at that time would be the

appropriate Maximum Allowable Operating

Pressure.

So here we have the Commission itself in 1965 acknowledging and endorsing, accepting the idea that PG&E was going to reuse 36-year-old pipe in a project installed in a Class 3 location.

And at the time this was done, 1965,

the Commission's GO 112 called for pipe installations to be hydro tested. And that in fact is the case with at least some portion of the reused pipe that may still be in PG&E's system today.

Starting with the idea that the Commission was not surprised that there's reused pipe in PG&E's system, and I daresay, if one were to look at every other natural gas transmission pipeline system probably in the country, you would find the same thing, reused pipe. And why is that? It's because pipe is expensive. Pipe, steel pipe has a very long life. It would not be in customers' interest to throw away pipe every time you need to move a pipeline if it can be used safely.

And that's what the process of what was referred to as salvaging was all about. Salvaging was simply a generic term that meant removing the pipes from the ground. And when we see documents as Legal Division has identified here that refer to salvaging pipe, it doesn't tell you a thing about what happened to that pipe. Pipe is removed from the ground for a number of reasons. One reason may be to junk it or scrap it. And we see many documents here that refer to pipe

being salvaged and junked.

Legal Division says, oh, but wait, wait, wait. What proof do we have that that pipe was actually junked? We are looking at documents that are 60, 65 years old. The document tells you the pipe was being salvaged to be junked. The fact that there are not a dozen other documents that trace out that pipe that showed a receipt from the salvage yard buying that 3,000 pounds of pipe for 7 cents a pound or whatever the price was at that time, that doesn't undermine in any way the fact that PG&E's business records clearly indicate that that pipe was to be junked.

And it really borders on irresponsible to suggest that the document that Legal Division handed out today, this March 10th, 1955 shipping notice which shows 29 feet of pipe were to be junked, that this is not inconsistent with the pipe in Segment 180 in San Bruno. There is absolutely nothing from which one can draw that conclusion. There is nothing from which one can draw any conclusion other than the pipe that was destined to be junked was in fact junked.

The documents then also show that

among the other uses that were made of reconditioned pipe, some of it was used for casing, that is, a pipe that surrounded a pressure carrying pipe to provide physical protection when it crossed a roadway or otherwise might be susceptible to damage from ground movement around it.

'60s, as we've seen, pipe was salvaged, reconditioned, and reused. And reconditioning means more than Legal Division seems to suggest. Reconditioning means cutting off the ends of the pipe. And I want to pause on that for a second, because Legal Division raised a concern about these girth welds that had the gas pockets and other things in the documents that they provided from Line 132, that that might have been reused. But when you cut off the ends of the pipe, you've obviously cut off the girth welds. You have to go reweld it to weld the pieces together.

So the girth welds on this salvaged pipe would not have been reused. The pipe would be examined for damage, and if there were dings or dents that could be repaired, they'd be repaired. If they couldn't be repaired, the pipe would be scrapped. If

there were bumps and things on the interior of the pipe, they would be ground down. The pipe would be carefully inspected. It would be cleaned. It would be freshly coated with corrosion protection coating. A long life asset, if in good condition, reused rather than being scrapped and replaced with new.

Nowadays we don't do that. The standards have changed over the last 50 years. Not surprising. And those standards, new standards are part of what this Commission is adopting in the parallel rulemaking proceeding and what PG&E is instituting through its pipeline safety enhancement plan and the other steps that it's taken.

Now, there is still in PG&E's system today reused pipe. And Legal Division pointed to Document No. 38, one of the ones that they provided that we've made public yesterday. And that is a document that shows that some pipe was salvaged and reused, that 4400 feet of 22-inch pipe reused.

As Attachment A to our pleading, which was the document by document description and commentary, indicates that 4400 plus feet of pipe was hydro tested in 1977. So yes, it was originally installed in

1930 pipe. It was hydro tested in 1977. So the Commission and the public can have every confidence that that 1930 pipe is perfectly safe as shown by the hydro test.

What is true historically is PG&E has not maintained a centralized database. The GIS system that Legal Division has criticized we have said before is not PG&E's official records for doing pipeline engineering. That means for doing things like integrity management. The GIS system is not where a pipeline engineer or integrity management engineer goes to learn the particular characteristics of a pipeline segment to determine how to conduct integrity management or how to conduct a hydro test or any other engineering function. For that they go to the job files.

And as we have acknowledged and is well known publicly, those job files contain a lot of paper. And it is not the easiest system to use in terms of finding the information. And that's part of why PG&E has in the MAOP validation process created this ECTS database where it's scanned in what now is about 2 million documents from the job files for its various pipelines.

And so the pipeline engineers can

identify where there is reused pipe by looking at those job files. And it doesn't matter what GIS says. The job file contains that information.

As part of the MAOP validation process PG&E is doing a couple of things. First, by going through literally inch by inch every one of its pipelines at the end of the day PG&E will have a complete 100 percent accurate database of all of the characteristics of every piece of pipe, fitting, and other appurtenance on its pipelines.

And as part of creating a pipeline features list that is at the heart of the future database, PG&E is specifically noting those segments that contained reconditioned pipe, identifying the year of that pipe, and using the actual characteristics of the pipe at the time it was manufactured to populate the pipeline features list and determine the appropriate MAOP for the pipe.

PG&E will by the end of January have completed that process for all of its HCA pipes, and by approximately a year after that, by about the first quarter of 2013 we'll have completed the process for the entire system. At that time PG&E will have a

completely centralized database that identifies all of the pipeline features including all of those locations where there may be reconditioned and reused pipe still in service.

Many of the documents that Legal Division provided to us don't show the use of reused pipe. Many of them simply show piping removed from a job which could have been removed just to be salvaged and scrapped, could have been removed to be used as casing pipe. Some of it is shown as going to be reconditioned. These documents do not show whether that pipe was reconditioned and reused. PG&E's MAOP validation will show that.

Other places where there is an indication that pipe was reused, that pipe is no longer in service, as our detailed comments show. Other places it's been hydro tested. Other places it's scheduled for hydro testing.

So contrary to, again, the alarm bell that Legal Division has sounded on this issue, it's not a unique PG&E issue. It's an issue of aging infrastructure in this state and throughout the nation.

I daresay I think PG&E is probably

further along than any other company in this country in terms of studying in detail the characteristics of the pipelines in order to be able to identify each and every characteristic and every place where there may be reused pipe and every other type of pipe. We wish we could do it faster.

PG&E has a huge team of people working almost literally around the clock going through this MAOP validation to determine the characteristics of all of the elements of the system. And when that process is done, when PG&E implements its new electronic database, it will have a state-of-the-art system that not only identifies all of these characteristics but is also quick and user friendly in allowing that information to be quickly located and accurately identified.

So I would say in closing that we understand what motivated Legal Division in raising these issues. We appreciate and are open to public discourse about this. These are important topics of public safety. It is important to PG&E to have them discussed openly but completely and honestly so that the public is not unduly alarmed, so that people understand what the company is doing

that is different from historical practices, 1 that is consistent with and indeed we think 2 in many respects goes beyond the safety 3 4 initiatives that this Commission has taken, that we are cognizant of these issues and 5 6 very, very much focused on them in order to provide assurance to ourselves, to the public 8 and to the Commission that the system is safe 9 today and is going to be safe for years and 10 years in the future. 11 So that's my only comments unless 12 you have some questions. 13 ALJ YIP-KIKUGAWA: I have one question, 14 which is, for your responses in your file, 15 your Attachment A, that you've identified for 16 each of the documents what happened to the 17 pipe and addressed -- you know, for example, 18 your Item 38, you said this section of pipe 19 was hydro tested in 1977? 20 MR. MALKIN: Yes. 21 ALJ YIP-KIKUGAWA: Did you get that 22 information off of ECTS? 23 MR. MALKIN: Yes. 24 ALJ YIP-KIKUGAWA: You did. And did 25

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MR. MALKIN: We have not at this point.

you provide confirmation of that

documentation to Legal Division?

They do have full access to ECTS.

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ALJ YIP-KIKUGAWA: Right.

MR. MALKIN: But we'd be happy to point them to that specific documentation.

ALJ YIP-KIKUGAWA: I mean for all of these would that be a fair conclusion that all of the comments that you have, you were able to find the document in ECTS and in order to respond to the concerns raised by Legal Division?

MR. MALKIN: I will give you a qualified yes, your Honor. And the reason I qualify it is because obviously I'm not an engineer.

ALJ YIP-KIKUGAWA: Right.

MR. MALKIN: I believe it is the case that the team, and it was a team, because there are 83 documents. It might boil down to 69. But still, we wanted to be thorough. So it required a lot of researching. And I believe that certainly the principal tool if not the only tool that they used was the ECTS database.

ALJ YIP-KIKUGAWA: And then if you're saying by 2013 everything would be on ECTS as a live database or that all information for the job files would be searchable and all of that would be available. Is that correct?

MR. MALKIN: Yes. What I was actually

saying was the MAOP validation, which is using this ECTS database, it is creating as its principal output to validate the MAOP what is referred to as a pipeline features list. And essentially what that is is a gigantic spreadsheet that for every segment of pipe contains a description of what components are in there. It may just be line pipe. It may be taps coming off of it.

There may be a valve. And for every piece of pipe, every appurtenance, as we call them, valve, tap, a description of what it is and what its metallurgical characteristics are in terms of strength and other qualities.

At the end of about the first quarter of 2013, PG&E will be through building this spreadsheet and pipeline features list for the entirety of its gas transmission system. And that electronic database, that spreadsheet, it's going to be incorporated into an upgraded, I think it's called, GTAM, which --

MS. JORDAN: Gas Transmission Asset Management.

MR. MALKIN: Gas Transmission Asset

Management. New database that will

incorporate that information along with the

geographical features of the GIS system. And

that will be the new platform that will 1 contain in one centralized database all of 2 3 the information. 4 ALJ YIP-KIKUGAWA: Okav. COMMISSIONER FLORIO: Yes. I haven't 5 6 had a chance to review all of these recently filed documents, but do I understand you correctly that PG&E has looked through all of 8 9 the documents identified by Legal Division 10 and has not found anything of concern to the 11 company? That is correct. 12 MR. MALKIN: 13 COMMISSIONER FLORIO: And you just got 14 this the same time I did, Mr. Cagen? 15 MR. CAGEN: I think we received it 16 perhaps last evening. I'm not sure. I just 17 looked at it. 18 COMMISSIONER FLORIO: So you haven't 19 had a chance to review it either? 20 MR. CAGEN: We have read it. 21 COMMISSIONER FLORIO: Does what's 22 reported there alleviate any of the concerns 23 you've expressed? 24 MR. CAGEN: No, it does not. 25 COMMISSIONER FLORIO: I quess we'll 26 have something to talk about going forward 2.7 then. 28 Just for purposes of ALJ YIP-KIKUGAWA:

Division finds as it goes through its document search, what is Legal Division -- are you just planning that information that you believe is just of safety concern that you feel would be necessary to be disclosed and made public, or are you looking at other information as well?

MR. CAGEN: The overriding reason here was safety. And I really can't think of any other reason why we would feel at this moment that we had to release information. So.

And I hope to be able to say accurately that I wouldn't be surprised if this doesn't ever happen again on this case before we get our testimony out. We felt we ran into an extremely important issue and had to get it out into the hands of people who can litigate it and decide it. But I wouldn't expect it would happen again between now and February. If it does, I'll certainly try to figure out some other procedure besides the one we went through here.

ALJ YIP-KIKUGAWA: I would like to come up with some process now.

MR. CAGEN: To come up with some process, yes.

ALJ YIP-KIKUGAWA: Partly what I'm

thinking of is that if there are documents that Legal Division feels should be made public immediately, that you contact PG&E and have PG&E go through the necessary redaction, which is removing the nonmanagement employee name and contact information and also anything that's considered critical infrastructure and then making that available as soon as possible.

And then PG&E within, I don't know, a week or ten days, that you provide for the record information that you feel is appropriate to respond that the safety issue from the company's perspective does not exist.

I think that -- would that be satisfactory?

MR. CAGEN: It is, your Honor.

ALJ YIP-KIKUGAWA: So, for this filing here, the documentation that you've listed in Appendix A to alleviate or to demonstrate that the company feels that there are no safety concerns, I would like to have those documents put into the record as well.

MR. MALKIN: That's fine, your Honor.
We will get together any other documents
referred to or relied on in putting that
together and provide them to the Commission

1 and the public. 2 ALJ YIP-KIKUGAWA: Okay. And then 3 would it be helpful, Mr. Cagen, for you or 4 Ms. Felts to have PG&E identify at least for 5 the Legal Division where those documents were 6 found? MR. CAGEN: Yes, it would. 8 ALJ YIP-KIKUGAWA: So if you could 9 provide that to Legal Division also, the 10 source. 11 MR. CAGEN: Is there a date set for 12 that, your Honor? 13 ALJ YIP-KIKUGAWA: What period -- I 14 know you have gone through this already. 15 Could you do this by next week? 16 MR. MALKIN: I will give you again a 17 tentative yes because, again, I'm not doing 18 it. And the team that we're using to do this 19 is the team that's doing the MAOP validation

and supporting the hydro test work.

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get it.

So I would say let's tentatively say we will produce it within a week from today.

And if I find that there's some reason that can't be done, I will advise you and

Mr. Cagen and we will set as soon a date

hope they kept records of what they looked at

to provide this information and can readily

1 thereafter as we can. 2 ALJ YIP-KIKUGAWA: Let me just get the 3 date so I have that. So the 8th. So by 4 November 8th we will have that response. MR. MALKIN: Correct. And should that 5 6 be a filing or a submittal, which has different implications? ALJ YIP-KIKUGAWA: Why don't we have 8 9 that filed since Legal Division's information 10 was filed and your initial response, I would like to have this filed as well. 11 12 MR. MALKIN: Okav. 13 MR. CAGEN: Your Honor, we would ask 14 when PG&E provides the information to us on 15 where they found the documents, we have to 16 know and we would appreciate knowing whether 17 it was found in ECTS or a physical file of 18 job files or any other source of data. So we 19 would ask that it be identified because that 20 is important to us. 21 ALJ YIP-KIKUGAWA: Mr. Malkin, is that 22 possible? 23 MR. MALKIN: That's perfectly fine, 24 your Honor. 25 ALJ YIP-KIKUGAWA: Thank you. 26 Anything else on Legal Division's 27 motion at this point? 28 (No response)

ALJ YIP-KIKUGAWA: Okay. I do have what I guess I would call a homework assignment that I had given to Legal Division, and that was my question of whether any of the documents that are contained in here are or should have been submitted as a response to the original directives in the OII.

MR. GRUEN: Yes, your Honor. I researched your homework assignment carefully. And Legal Division believes of the documents that were provided here, the answer to that question is no. It doesn't believe any of the documents it has discovered so far in the Investigation in fact are responsive to the directives and should have already been provided to the Commission.

However, just to qualify that point with several others, Legal Division continues to discover PG&E documents, and it's ongoing, including those within PG&E's ECTS database. And so that's one qualification.

Also, Legal Division understands that PG&E continues to add documents to that ECTS database as well.

And finally, Legal Division's belief in no way addresses whether PG&E provided

1 timely and complete responses to the 2 requirements to the Commission's companion 3 Rulemaking or to the requirements of the 4 National Transportation Safety Board 5 investigation. 6 ALJ YIP-KIKUGAWA: Thank you. Mr. Malkin, did you have something? MR. MALKIN: 8 No. 9 ALJ YIP-KIKUGAWA: What I would like to 10 do next is go into the scheduling for the 11 proceeding. Perhaps we should do this off 12 the record, and then we will go back on the 13 record for the schedule. 14 So at this point we will go off the 15 record. 16 (Off the record) 17 ALJ YIP-KIKUGAWA: Back on the record. 18 While we were off the record we were 19 discussing the schedule, but before we do 20 that, Mr. Cagen, you wanted to introduce the 21 two consultants from England. 22 MR. CAGEN: Yes, I would, your Honor 23 and Commissioner Florio. Behind me is Alison 24 North and Paul Duller. And they are from 25 England and have for the last week and more 26 been here and have been visiting PG&E 27 facilities with us. And they are 28 recordkeeping experts, and we believe they

will make a great contribution to this 1 2 proceeding and to public knowledge. we're very happy to have them here. 3 4 We thought we would, while they were in town on site visits, give them an 5 6 opportunity to watch the process a little bit. 8 ALJ YIP-KIKUGAWA: Welcome. Hopefully 9 it was enlightening to you. 10 With respect to the schedule, while 11 we were off the record we discussed dates for 12 filings and also for hearings. Legal 13 Division will be submitting its report the 14 end of February, on February 24th. 15 intervenor testimony would be 30 days 16 thereafter, which I think is on Saturday or 17 maybe a Sunday. So it will be the 26th. 18 intervenor testimony due on the 26th. 19 will calculate all this out exactly. PG&E's 20 response then would be 90 days after. 21 Hearings will be scheduled end of August, 22 between the end of August and September 29th. 23 And I will block two weeks for that. And we 24 will have the opening briefs and rebuttal 25 briefs accordingly after that. 26 Is there anything else at this point 2.7 that we would like to discuss? 28 MR. CAGEN: Yes, your Honor, just

briefly.

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ALJ YIP-KIKUGAWA: Yes.

MR. CAGEN: And that is pertaining to the scope of proceeding. We simply wanted to reiterate that the scope of the testimony and the work that we will be doing and recommendations that we give will relate both to San Bruno Line 132 and to the San Bruno situation in particular and to other PG&E transmission pipelines as far as recordkeeping issues are concerned. And I know CPSD has a separate Investigation that's not in a formal state yet, but whatever that Investigation develops into, unless I hear otherwise from your Honor and Commissioner Florio, we intend to develop those issues as we stated.

ALJ YIP-KIKUGAWA: Mr. Malkin or Ms. Jordan, anything?

MR. MALKIN: That sort of inferentially answered a question that I had. At the outset of this proceeding Mr. Cagen observed this is an unusual OII in that usually it starts with a report from the CPSD alleging specific violations. This one started on the Commission's own initiative. And so CPSD has not formally been a party. But Legal Division, which both advises the Commission

and represents the Commission, has been thus far the party.

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And I had taken from Mr. Cagen's initial comments that when there was a formal report CPSD would be stepping into its usual enforcement role, unless of course they don't find any violations, which somehow seems implausible that they would submit a report that said that.

So I was trying to figure out who the party is going to be at the end of the day. Will it continue to be Legal Division? Will it be CPSD?

MR. CAGEN: It has been considered as to whether CPSD would become our client, but I cannot say at this point that that will occur.

COMMISSIONER FLORIO: Certainly I think we can say that up to this point everyone who has worked on this proceeding has been walled off internally from advisory staff at the Commission. That may be part of why this was awkward in the dealing with this most recent round of filings. But I do want to assure the parties and the public that those due process factors are being adhered to.

ALJ YIP-KIKUGAWA: And actually, I had one last question, which was last time we

talked about regularly having a PHC just more as a status conference to make sure things are going smoothly. Given the report that's coming out February 24th, does anyone feel that it's necessary to have another PHC/status conference scheduled in early January or mid January?

MR. CAGEN: Perhaps, your Honor, about a month or month and a half before the date of the release it might be a good idea so that we can deal with release issues of the report if there are any confidentiality issues left at that point, which are likely.

ALJ YIP-KIKUGAWA: All right. So we're looking at early January?

MR. CAGEN: Mid January would be good.

ALJ YIP-KIKUGAWA: Is there flexibility
on dates there? I will set a date for mid
January.

MR. MALKIN: The only thing I would say in regard to that, your Honor, is in the hopes of making that status conference or prehearing conference as smooth as possible, we would encourage Legal Division to confer with us in advance about any confidentiality issues. Because at least sitting here right now the only two items that we have ever been concerned about from a confidentiality

1 standpoint here are names and identifying 2 information about nonmanagement employees and 3 specific locations of critical 4 infrastructure. 5 In the context of this proceeding, 6 it is hard for me to imagine that there would be any issues that we will need to raise with your Honor and Commissioner Florio. So I 8 9 would like to encourage Legal Division to 10 confer with us in advance, and hopefully we 11 can come in with a plan that is a joint plan 12 on how any issues of any partial 13 confidentiality would be addressed. 14 MR. CAGEN: We'll be glad to do that. 15 ALJ YIP-KIKUGAWA: You can arrange that 16 among yourselves. 17 MR. MALKIN: Let us hope so. 18 ALJ YIP-KIKUGAWA: Any other matters at 19 this point? 20 (No response) 21 ALJ YIP-KIKUGAWA: Hearing none, this 22 prehearing conference is adjourned. And we 23 are off the record. 24 (Whereupon, at the hour of 3:00 p.m., this prehearing conference 25 was concluded.) 26 27 28