

**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)

**JOINT STATUS REPORT OF THE CONSUMER
PROTECTION AND SAFETY DIVISION AND PACIFIC
GAS AND ELECTRIC COMPANY IN RESPONSE TO
ASSIGNED COMMISSIONER'S RULING**

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February 3, 2012

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As directed by the January 19, 2012 Assigned Commissioner's Ruling (ACR), the Consumer Protection and Safety Division (CPSD) and Pacific Gas and Electric Company (PG&E) jointly report as follows:

1. As of August 31, 2011, PG&E completed the maximum allowable operating pressure (MAOP) validation on the schedule and as set forth in the Compliance Plan attached to the March 24, 2011 Stipulation between CPSD and PG&E. CPSD has quality checked some of this work in the course of reviewing PG&E's applications to restore pressure, but CPSD plans to do additional random quality checking of this work.

2. PG&E should pay the \$3 million penalty provided for in the Stipulation. As provided in the Stipulation, PG&E will not seek to recover any portion of the penalty in rates and the penalty is only applicable to PG&E's compliance with the Commission's directives concerning the National Transportation Safety Board urgent safety recommendations. (Stipulation, ¶¶ 3(c) & (d).) It "does not limit the Commission's authority to impose additional penalties for any violation of law or regulations with regard to the Commission's investigation

into the San Bruno pipeline rupture not related to completion of the Compliance Plan.” (*Id.*, ¶ 3(c).)

3. As the ACR recognizes, the Commission is preparing an evidentiary record considering PG&E’s Implementation Plan to pressure test or replace its natural gas transmission pipelines in this Rulemaking. The Commission also has opened several Orders Instituting Investigation (“OII”) involving PG&E’s gas system: Investigation (I.)11-02-016 (record keeping), I.11-11-009 (Class location) and I.12-01-007 (San Bruno pipeline explosion). None of these proceedings are impacted by the closing of this Order to Show Cause proceeding.

With the \$3 million payment by PG&E, CPSD and PG&E agree the Commission should order the Order to Show Cause proceeding closed.

Respectfully submitted,

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