

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.

Rulemaking 11-02-019
(Filed February 24, 2011)

**REPLY COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON
THE PROPOSED DECISION RESOLVING ORDER TO SHOW CAUSE**

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I. INTRODUCTION

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission, and with the schedule for comments set forth in the Notice of Availability, the Division of Ratepayer Advocates (DRA) hereby submits its reply comments regarding the Proposed Decision (PD) of ALJ Bushey resolving the order to show cause in the above-captioned proceeding.

II. REPLY COMMENTS

DRA responds to the opening comments of The Utility Reform Network (TURN).¹ DRA supports TURN's recommendation that "the implementation plan should be updated based on the MAOP validation completed by PG&E."² TURN correctly states that "PG&E's Implementation Plan as filed on August 26, 2011 could not utilize the results of the MAOP validation"³ and correctly notes that the composition of the proposed PSEP would change if it were based on the final results of the MAOP

¹ Rulemaking 11-02-019, Comments of The Utility Reform Network on the Proposed Decision Resolving Order to Show Cause (TURN Comments), Mar. 2, 2012.

² TURN Comments, p. 8 (subject heading).

³ *Id.* at 9.

validation effort.⁴ PG&E’s recent rebuttal testimony also supports the importance of the MAOP validation effort, with statements such as “MAOP validation is a critical part of our safety program”⁵ and “This [MAOP validation project] will ensure that pipeline segments are accurately evaluated through the PSEP Pipeline Modernization Decision Trees and will improve our pipeline asset management and risk assessments.”⁶ A PSEP based on incomplete test records cannot accurately prioritize mitigation actions, and DRA has recommended that “the Commission should reject the current proposal and order PG&E to issue a revised proposal per DRA’s recommendations.”⁷

DRA also recommends that the Commission act to ensure compliance with its order in Decision 11-06-017: “The Implementation Plan must reflect a timeline for completion that is as soon as practicable, and include interim safety enhancement measures....”⁸ Specifically, DRA has recommended in its testimony that the Commission should expedite a revised and fully vetted test plan for 2012⁹ and that PG&E should develop a new PSEP Pipeline Implementation Plan for priority HCA segments that require early 2012 action.¹⁰

PG&E’s rebuttal testimony states, “We have already engineered most of our 2012 projects, created our work plans, and contracted for hydro testing services and long lead-time materials.”¹¹ This statement indicates that PG&E currently has a detailed plan

⁴ See TURN Comments at 9: “PG&E’s final MAOP validation report shows that P&GE located complete pressure test records for 14% of the 705 miles of pipeline included in its Compliance Plan. [Footnote omitted.] These miles could thus effectively be eliminated from Phase 1 of the Implementation Plan.”

⁵ R.11-02-019, Pacific Gas and Electric Company, Pipeline Safety Enhancement Plan (Implementation Plan), Rebuttal Testimony (PG&E Rebuttal Testimony), Feb. 28, 2012, p. 1-26, ll. 29-30.

⁶ *Id.* at 1-27, ll. 2-4.

⁷ R.11-02-019, DRA Report on the Pipeline Safety Enhancement Plan of Pacific Gas and Electric Company (DRA Testimony), Exhibit (Ex.) DRA-03, Jan. 31, 2012, p. 119, ll. 4-6.

⁸ Decision 11-06-017, Decision Determining Maximum Allowable Operating Pressure Methodology and Requiring Filing of Natural Gas Transmission Pipeline Replacement or Testing Implementation Plans, p. 31, Ordering Paragraph 5.

⁹ See DRA Testimony, Ex. DRA-03, pp. 113-114.

¹⁰ See *Id.* at 115.

¹¹ PG&E Rebuttal Testimony, p. 1-24, ll. 14-16.

in place for 2012 which is based on detailed engineering evaluation, rather than the conceptual estimates which form the basis of the PSEP. While it may be reasonable to assume this scope of work is based on completed MAOP validation for the pipe segments included, this assumption should be verified by the Commission. Accordingly, DRA recommends that the PD be supplemented with one additional ordering paragraph:

PG&E shall provide a plan for hydrotesting high priority HCA segments that require early action in 2012. This plan will be based on the results of completed MAOP validation for all included segments. This plan shall be filed in this proceeding 30 days following the effective date of this decision, to allow expedited implementation, pending review by the Commission.

III. CONCLUSION

For the foregoing reasons, DRA respectfully recommends that the additional ordering paragraph proposed by DRA be included in the final decision.

Respectfully submitted,

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