

**PACIFIC GAS AND ELECTRIC COMPANY  
Gas Pipeline Safety OIR  
Rulemaking 11-02-019  
Data Response**

PG&E Data Request No.:	ED_002-04		
PG&E File Name:	GasPipelineSafetyOIR_DR_ED_002-Q04Supp01		
Request Date:	July 11, 2012	Requester DR No.:	001
Date Sent:	July 26, 2012	Requesting Party:	Energy Division
PG&E Responder:	Todd Hogenson, Brian McDonald	Requester:	Eugene Cadenasso

**QUESTION 4**

Identify what proportion of the amounts requested above are considered by PG&E to be work that is to comply with a preexisting regulatory requirement and describe the preexisting regulatory requirement(s).

**ANSWER 4 – SUPPLEMENTAL**

PG&E provided a response on July 20, 2012 describing the preexisting regulatory requirements applicable to PSEP.

The amounts incurred and forecasted to comply with the preexisting regulatory requirements are in the table below. The amounts below are based on installation date data culled from GIS in April 2011.

	PSEP Hydrotest Expense Project Costs (\$ millions)			
	2011 Actual	Jan-Jun 2012 Actual	Jul-Dec 2012 Forecast	Total (actual plus forecast)
Pre-existing Regulatory Requirement				
General Order 112 (1961-1970)	4.6	3.2	9.0	16.7
Part 192 of the Code of Federal Regulations (post-1970)	28.0	22.6	21.8	72.5

In addition, although replacement of pipelines installed after 1970 was not a “preexisting regulatory requirement,” PG&E proposed in its PSEP filing that, where we elect to replace rather than hydrotest post-1970 pipelines without adequate documentation of a strength test, PG&E will not seek to recover the capital related costs of these replacements for the Phase 1 period (2011-2014). There were no pipeline replacements of post-1970 pipelines in 2011 or from January through June 2012. There are 14 pipeline projects scheduled to go in service between July 1, 2012 and

December 31, 2012 that include some segments of post-1970 pipeline. PG&E estimates (based on April 2011 GIS data that was used for the PSEP filing) that approximately 2 percent of the total pipeline length for these 14 projects consists of post-1970 pipeline without adequate documentation of a strength test, with estimated capital expenditures of \$3.2 million. Thus, under PG&E's shareholder/customer sharing proposal, the revenue requirement associated with the \$3.2 million estimate would not be recoverable in rates for the period 2011-2014.

All amounts are quoted in pre-tax dollars.