

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 14, 2012

Mr. Brian K. Cherry
Vice President – Regulation and Rates
Pacific Gas and Electric Company
Bkc7@pge.com

Re: Unauthorized change to the Hollister 115 kilovolt Power Line Reconductoring Project

Mr. Cherry:

On January 27, 2011, the California Public Utilities Commission (CPUC) issued Decision 11-01-041 which granted Pacific Gas and Electric Company (PG&E) a permit to construct (PTC) for the Hollister 115 kilovolt (kV) Power Line Reconductoring Project (Hollister Project). This Permit to Construct approved work related to the project as well as work areas proposed by PG&E in its PTC application and Proponent's Environmental Assessment (PEA).

As required by the California Environmental Quality Act (CEQA), the CPUC prepared a Mitigation Monitoring, Reporting, and Compliance Plan for the project. The plan was discussed with PG&E and included a process for PG&E to request project changes through variances after project approval. Throughout construction of the Hollister Project, PG&E has utilized this process over twenty times, including asking for approval for moving work areas.

On June 14, 2012, the CPUC learned that PG&E had moved and combined three work areas - a pole landing zone (PLZ-3) and two pull sites (PP-7 and PP-8) - without notifying the CPUC or obtaining approval through the variance process. The CPUC learned this only after asking follow up questions on variance request # 21 which was submitted June 7, 2010. Variance request #21 included PG&E provided maps that reflected the CPUC approved work areas rather than the actual, unauthorized locations.

PG&E does not have discretion to move work areas or project components without obtaining permission from the CPUC. PG&E acted improperly when moving the work areas without prior CPUC approval. Further, PG&E improperly provided CPUC staff with misleading maps that did not reflect the moved work areas. When these issues arose, PG&E revised the variance #21 request to include the moved work areas and submitted it on June 20, 2012. Without permission to move work areas, PG&E was out of compliance with a Commission order until CPUC staff approved PG&E's revised variance #21 request on June 28, 2012.

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PG&E should always stay in communication with Commission staff during construction of these projects and obtain CPUC approval before making project changes. Additional failures to comply with the governing Commission order could result in an Order Instituting Investigation and penalties.

Sincerely,



Edward Randolph
Energy Division Director
California Public Utilities Commission

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