

**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)

JOINT PARTIES' REPLY COMMENTS ON PROPOSED DECISION

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**REPLY COMMENTS OF THE BLACK ECONOMIC COUNCIL, NATIONAL ASIAN
AMERICAN COALITION, AND THE LATINO BUSINESS CHAMBER OF GREATER
LOS ANGELES ON THE PROPOSED DECISION**

I. Introduction

The Black Economic Council, National Asian American Coalition and the Latino Business Chamber of Greater Los Angeles (hereinafter the Joint Parties) hereby respectfully submit their Reply Comments on the Proposed Decision (PD).

The Joint Parties have submitted the ratepayer, and therefore non-technical, view in these proceedings. The Joint Parties' recommendations have overwhelmingly focused on the necessary outreach response to the pipeline explosion tragedy. Although this outreach is implicit in any significant utility undertaking, we again urge the Commission to explicitly require PG&E to engage in outreach on these issues.

II. Response to TURN

The Joint Parties agree with TURN's recommendation that the final decision should disallow all costs of replacing post-1955 pipe segments.¹ We agree with TURN that pipeline testing was required by multiple enforcement agencies and that any absence of record keeping is due to error on behalf of PG&E and should not be charged to the ratepayers.²

The Joint Parties agree that if the pipes are found to be faulty, then replacement costs may be appropriately distributed to ratepayers. However, as TURN details, only the lack of records justifies testing and/or replacing the post-1955 pipelines.³ This lack of records is due to PG&E

¹ Comments of TURN on the Proposed Decision of ALJ Bushey at 8.

² *Id.* at 11.

³ *Id.*

error and thus, the ratepayers should not be held responsible for the costs. We also find the same argument applies for post 1970 pipelines.⁴

The Joint Parties also agree that the reduction on the rate of return should not be limited to a mere five years when the reasonable expected usage of the pipeline is sixty -five years.⁵ As Commission staff can attest, change in management structures and utility practices occur multiple times within a sixty -five year period. Limiting the rate of return on the pipelines for their reasonable expected use illustrates a fundamental shift in the paradigm and culture of safety at the CPUC. This also ensures that the message will not shift over decades of new technologies, innovation, and management change.

Lastly, the Joint Parties endorse TURN's recommendation to have the Commission double - check the complicated calculations that all parties in this proceeding have relied on.⁶ It would be unfortunate if a lack of resources, which the Joint Parties have r aised on multiple occasions, affected the bottom line of a decision aimed at safety.

III. Response to DRA

The Joint Parties concur with DRA that the PD's implementation and oversight of the PSEP is inadequate.⁷ We agree that the Commission should require an ind ependent monitor with expertise in gas pipeline safety to provide public reports regarding the progress of the PSEP and endorse their seven point list on guidance elements.⁸ In a ccordance with the Joint Parties '

⁴ *Id.* at 13.

⁵ *Id.* at 13-14.

⁶ *Id.* at 22.

⁷ DRA Comments on PD at 13.

⁸ *Id.* at 15-16.

recommendation in the PD comments, this independent monitor's reports should have the ability to affect PG&E's cost allocation if the work is unsatisfactory.⁹

IV. Response to the City and County of San Francisco

The Joint Parties agree with the City and County of San Francisco (CCSF) that there is a need for an independent monitor. As discussed above regarding DRA's suggestion, the Joint Parties agree with the need for an independent monitor on the gas pipeline safety issues.¹⁰

The Joint Parties also endorse CCSF's view that the burden of proof should be adjusted. In particular, "the correct question should have been whether PG&E showed that its request is reasonable by, among other things, showing that it did not receive such funding already."¹¹ In light of PG&E's errors, the burden of proof should be changed in order to ensure that PG&E does not receive the benefit of "business as usual."

V. Response to City of San Bruno

Finally, the Joint Parties believe that the City of San Bruno makes the most crucial point of the proceeding: "The PG&E natural gas transmissions system was not safe on September 9, 2010. It is not safe now."¹²

The Joint Parties agree with the City of San Bruno that all necessary safety measures must be implemented as soon as possible to ensure, as the Commission promised, that such an explosion could "never happen again."

VI. Conclusion

⁹ Joint Parties' Comments on PD of ALJ Bushey at 10.

¹⁰ Opening Comments of CCSF at 10.

¹¹ *Id.* at 7.

¹² Comments of the City of San Bruno on the PD at 4.

The Joint Parties believe that the voice of the average ratepayers has been overshadowed by the highly technical nature of the proceedings. With the upcoming final decision in this matter, the Joint Parties hope that the Commission can address the concerns of ratepayers regarding their safety, informational access, and cost effectiveness.

Date: November 29, 2012

Respectfully submitted,

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