

From: Cherry, Brian K  
Sent: 12/19/2012 8:15:14 PM  
To: Michel Florio (mike.florio@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: Fwd: MN - Decision Coming on Who Will Pay for PG&E Pipeline Upgrades

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Begin forwarded message:

**From:** News Flash <[newsflash@pge.com](mailto:newsflash@pge.com)>  
**Date:** December 19, 2012, 8:09:09 PM PST  
**To:** Real time PG&E coverage {PG&E Internal - #PRIVATE#} <[Newsflash-Real-Time@pge.com](mailto:Newsflash-Real-Time@pge.com)>  
**Subject:** MN - Decision Coming on Who Will Pay for PG&E Pipeline Upgrades  
**Reply-To:** <[newsflash@pge.com](mailto:newsflash@pge.com)>

The *Mercury News* published a story about PG&E's pipeline safety proposal which will be discussed at Thursday's CPUC meeting. Brittany Chord, PG&E spokeswoman, was quoted.

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## Decision Coming on Who Will Pay for PG&E Pipeline Upgrades

By George Avalos

Mercury News, December 19, 2012

[http://www.marinij.com/business/ci\\_22226657/decision-coming-who-will-pay-pg-e-pipeline](http://www.marinij.com/business/ci_22226657/decision-coming-who-will-pay-pg-e-pipeline)

One thing is certain about PG&E's \$2.2 billion pipeline improvement program: utility bills are headed higher for PG&E customers. What remains to be determined is just how high they will go.

The state Public Utilities Commission may decide as early as Thursday how much of the cost PG&E's customers will bear for upgrades to a pipeline system in the wake of the lethal 2010 explosion in San Bruno that killed eight.

Under a proposal by a PUC administrative law judge, the utility won't get as much of a rate increase as it hoped for over the next two years to cover upgrades to its vast network of natural gas pipelines.

San Francisco-based PG&E had requested an increase of \$768.7 million in higher rates through 2014. But PUC Law Judge Maribeth Bushey proposed an increase of only \$277.8 million -- just 36 percent of what PG&E had sought.

Her proposed increase would raise the average natural gas bill of PG&E's residential customers by about 69 cents per month, compared to an average increase of \$1.93 sought by PG&E. Currently, the natural gas bill for a typical residential customer is \$47.16 per month.

PG&E's proposed rate increase would total \$1.96 billion over a longer period of time, according to PUC documents. The law judge rejected \$795.1 million of that requested rate request.

A state lawmaker on Wednesday pressed the PUC to adhere to the law judge's ruling.

"I urge the CPUC to adopt the judge's' ruling and make sure that PG&E doesn't profit from the San Bruno tragedy," state Sen. Jerry Hill, D-San Mateo, said in a prepared release.

PG&E officials, though were unhappy with the law judge's proposal.

"We found the proposed decision to be totally inadequate," said **PG&E spokeswoman Brittany Chord**. "What we put forward is designed to address new regulations from the state PUC that would make our system safer and more reliable."

Officials with the state's Division of Ratepayer Advocates, which seeks to protect the rights of consumers in PUC proceedings, criticized the law judge's ruling for not going far enough in easing the burden of ratepayers.

"The decision is not terrible, but it could have been better," said Joe Como, acting director of the Division of Ratepayer Advocates, also known as the DRA. "The decision forces ratepayers to cover way too much of the bill for fixing the pipelines. Shareholders should have to pay the lion's share of the costs."

PG&E's view is that because much of the upgrade is being undertaken to comply with new state and federal rules and regulations, ratepayers should finance the vast majority of the work.

The Division of Ratepayer Advocates doesn't see it that way, though.

"Almost all of the work required is to comply with current standards," Como said. "PG&E has already received funding from ratepayers for this."

Earlier this week, PG&E provided a peek at its future gas control nerve center. The utility hopes the facility will help it forestall disasters such as the San Bruno explosion, cope with natural gas emergencies and even predict problems before they become catastrophes.

"What is important is that we will do whatever it takes to make our system safer for our customers," **Chord** said.

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