

## **I. PG&E SHOULD USE THE BEST DATA AVAILABLE.**

### Proposed Ordering Paragraph:

1. PG&E is required to re-run the Decision Trees with the verified data to ensure that the scope of work proposed is complete and that the prioritization of work is proper. (CCSF Opening Comments on Proposed Decision at p. 6).

### Proposed Findings of Fact:

1. PG&E used its GIS database to set the scope and priority of work for PSEP Phase I. (PG&E Testimony at p. 3-18 (Exhibit 2)).
2. NTSB reviewed PG&E's GIS system and found that "in many cases, PG&E used assumed values for key pipeline parameters. The records also included many obvious errors in key pipeline parameters, including but not limited to seam type, SMYS, and depth of cover." Based on these inaccuracies, the NTSB expressed "concern[] that the PG&E GIS still has a large percentage of assumed, unknown, or erroneous information for Line 132 and likely its other transmission pipelines as well." (CCSF Proposed Findings of Fact attached to Opening Comments on Proposed Decision).
3. The Commission's own investigation into PG&E's record keeping investigation has revealed thousands of corrections to PG&E's GIS database since 2010. (CCSF Proposed Findings of Fact attached to Opening Comments on Proposed Decision).
4. As of December 31, 2011, PG&E had completed its MAOP validation for 1,805 miles of pipeline segments identified in class 3 and 4 locations as well as class 1 and 2 high consequence areas. (CCSF Proposed Findings of Fact attached to Opening Comments on Proposed Decision).

### Proposed Conclusions of Law:

1. The Commission must ensure that the segments identified as needing urgent assessment are addressed in Phase I of the PSEP. (CCSF Proposed Conclusions of Law attached to Opening Comments on Proposed Decision)
2. The PSEP is flawed because it does not use most the accurate information to plan and prioritize the safety projects to be performed. (CCSF Proposed Conclusions of Law attached to Opening Comments on Proposed Decision)
3. Using faulty data is patently unreasonable, given the obvious safety implications and proposed costs of the PSEP. (CCSF Proposed Conclusions of Law attached to Opening Comments on Proposed Decision)
4. There is no reason for PG&E to continue to rely on this inaccurate information. (CCSF Proposed Conclusions of Law attached to Opening Comments on Proposed Decision)
5. PG&E's use of inaccurate GIS data potentially hinders prioritization of the most pressing work. Given that Phase I was developed using inaccurate data, the Commission and the public can have little confidence that the most pressing projects are undergone first. (CCSF Proposed Conclusions of Law attached to Opening Comments on Proposed Decision)

## **II. PG&E SHOULD PRIORITIZE WORK IN HIGH CONSEQUENCE AREAS.**

This is an issue that we have highlighted in the proceeding many times.<sup>1</sup> The findings above in I., regarding proper prioritization of work and using accurate data for pipe segments in high consequence areas, also support this point. We have not repeated those findings below.

### Proposed Ordering Paragraph

1. PG&E should revise the PSEP to remove the class 2 location criterion for consideration at this time, and reorder its priorities first concentrating on class locations 3 and 4 as well as HCAs in class 1 and 2 locations, as ordered by the Commission. (CCSF Testimony at p. 8 (Exhibit 137)).

### Proposed Findings of Fact

1. D. 11-06-017 ordered PG&E to “start with pipeline segments located in Class 3 and Class 4 locations and Class 1 and Class 2 high consequence areas. (D.11-06-017 Ordering Paragraph 4).

### Proposed Conclusion of Law:

1. PG&E’s proposed scope of Phase I does not comply with the priorities set forth in the Commission Decision, and does not focus on those gas transmission pipelines having the highest risk. (CCSF Testimony at p. 9 (Exhibit 137)).

## **III. THE COMMISSION SHOULD ORDER AN INDEPENDENT MONITOR TO OVERSEE THE WORK.**

We support DRA’s proposed Conclusions of Law regarding an Independent Monitor, but would use that language in an Ordering Paragraph instead.<sup>2</sup>

There are already several findings in the Proposed Decision that support an independent monitor, including Finding of Fact 39 (“PG&E has been inefficient and ineffective in its management of its natural gas system.”). Findings 7 (need for increased quality control and field oversight), 31 (excessive earnings), 34 (failure to have records necessitated remedial action), 36 (imprudent management and delay), and 38 (imprudent management decisions created extraordinary scope of timing of Phase I) express similar sentiment. CCSF’s testimony (Ex. 137) at page 62 also provides support for this requirement.

### Proposed Ordering Paragraph

1. The Parties to this Proceeding should be ordered to meet and confer no later than 21 days after the effective date of today’s decision to develop a plan for an Independent Monitor(s) to be hired by PG&E and to report to the Commission and the public regarding the status and quality of PG&E’s work performed pursuant to the Implementation Plan to ensure that PG&E develops accurate and useful record keeping data bases and correctly tests and/or replaces the right pipelines at the right times. The Parties should be ordered to submit a joint proposal in this proceeding no

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<sup>1</sup> CCSF January 13, 2012 Comments on CPSD Technical Report; January 31, 2012 Testimony of CCSF Witness John Gawronski at p. 6 (Exhibit 137); CCSF Opening Brief at pages 9-12; CCSF Reply Comments on Proposed Decision at p. 5.

<sup>2</sup> The proposed language is taken from pages 18-20 of Attachment A to DRA’s Opening Comments on the Proposed Decision.

later than 21 days after their first meeting. At a minimum, the joint proposal should be required to include the following:

- a. A hiring process for the Independent Monitor(s) that ensures its independence, to the extent practicable;
- b. PG&E to hire and pay for the Independent Monitor(s);
- c. PG&E shall permit the Independent Monitor(s) to inspect, inquire, review, examine and participate in all activities of any kind related to the Implementation Plan. PG&E and its contractors shall immediately produce any document, analysis, test result, plan, of any kind related to the Implementation Plan as requested by the Independent Monitor(s), and such request need not be in writing.
- d. The Independent Monitor(s) to conduct and present all analyses and recommendations independently of any suggestions or conclusions of PG&E, the Commission, or interested parties.
- e. Quarterly public reporting by the Independent Monitor(s) to a joint meeting of PG&E, the Commission, and interested parties;
- f. A requirement that the Independent Monitor(s) notify PG&E, the Commission, and interested parties in writing within 10 days of discovery of any potential non-compliance with the requirements of the PSEP that presents a potential, but not immediate, threat to public safety;
- g. A requirement that the Independent Monitor(s) notify PG&E, the Commission, and interested parties in writing within 24 hours of any non-compliance or other condition that poses a potential and immediate threat to public safety.
- h. A requirement that PG&E's contracts with the Independent Monitor(s) shall prohibit the Independent Monitor(s) from seeking work from PG&E while performing the duties of a PSEP Independent Monitor.

#### Proposed Findings of Fact

1. The management organization and process as proposed is very complex. (CCSF Testimony at p. 62 (Exhibit 137)).
2. As proposed, this is a highly complex project with an aggressive schedule. (CCSF Testimony at p. 62 (Exhibit 137)).

#### Proposed Conclusions of Law:

1. Phase I of the PSEP has a high risk of cost and schedule overruns, and poor performance. (CCSF Testimony at p. 62) (Exhibit 137).