



## DRA

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California Public Utilities Commission

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**JOSEPH P. COMO**  
Acting Director

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December 18, 2012

Commissioner Mark Ferron  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**Re: Rulemaking 11-02-019 - PG&E Pipeline Safety Enhancement Plan**

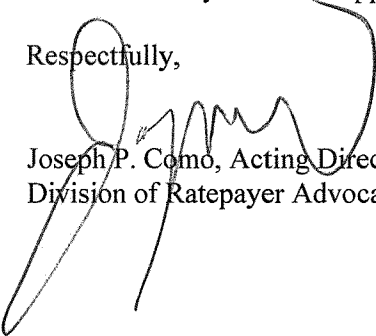
Commissioner Mark Ferron:

I am writing to call your attention to a gross mischaracterization by PG&E of the 2012 cost disallowance in the Proposed Decision in the PG&E Pipeline Safety Enhancement Program (PSEP) Rulemaking. PG&E states that there is a disallowance of \$342.7 million for 2012 Total Costs, when in fact the PD allows PG&E to recover at least \$265 million of that amount. The table on Page 2 of PG&E's Opening Comments on the Proposed Decision (PD) shows a disallowance of \$342.7 million for 2012 Total Costs. That is not correct.

The figure of \$342.7 million appears in Table E-4 of the PD. Table E-4 of the PD summarizes the Authorized Combined Expense and Capital and is clearly not a disallowance. The authorized capital for 2012 is \$265.2 million, as shown on Table E-3 of the PD, and will be recovered starting in 2013. The disallowance for the first 10 months of 2012 is \$70.097 million as set forth in Table E-1 of the PD. The PD disallows 10 months of 2012 expenses and 10 months of the revenue requirement associated with capital expenditures authorized for 2012. Beginning in 2013, PG&E may recover the authorized revenue requirement (as shown in Table E-1 as the capital-only Revenue Requirement) associated with authorized capital expenditures for 2011 and 2012, and the authorized capital expenditures for 2013 and 2014. PG&E will continue to recover revenues associated with the authorized capital expenditures for the life of those authorized investments. The figure of \$342.7 million in PG&E's Table is not the disallowance for year 2012. **PG&E may recover approximately \$265.2 million for 2012 capital investment starting in 2013.** Therefore, PG&E grossly overstates the 2012 Total Cost disallowance.

Thank you for the opportunity to clarify this matter.

Respectfully,

  
Joseph P. Como, Acting Director  
Division of Ratepayer Advocates

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Cc: President Michael Peevey  
Commissioner Michel Peter Florio  
Commissioner Catherine Sandoval  
Commissioner Timothy Simon