

APPENDIX A

**JOINT PARTIES' PROPOSED MODIFICATIONS TO
COMMISSION DECISION NO. 12-12-030**

APPENDIX A

Joint Parties' Recommended Changes to Decision No. 12-12-030

Modify the Text of D.12-12-030 as Follows:

Revise the language on page 4 of the Decision as follows:

We also require PG&E to update its Pipeline data base within 30 days of the effective date of this Decision on the Petition for Modification ("Modified Decision"), and to exclude certain non-HCA pipeline segments from Phase 1. ~~after the conclusion of its Maximum Allowable Operating Pressure validation and record search effort.~~

Revise the language on page 108 of the Decision as follows:

To address this issue, to the extent specific authorized Phase 1 projects are not completed by the end of 2014 and not replaced with other higher priority projects meeting the criteria for Phase 1, the expense and capital cost limit of the balancing account is reduced by the amounts associated with the project not completed.

Revise the language on page 115 of the Decision as follows:

Therefore, consistent with TURN's recommendation, we shall require PG&E to file an expedited application within 30 days after the effective date of this Modified Decision. ~~conclusion of its MAOP validation and records search work that includes an updated pipe segment database.~~ The specific showing that PG&E will be required to provide in its application will be considered in a workshop to be held as soon as practicable prior to submission of the application. ~~no later than 90 days from the effective date of this decision.~~

Modify The Following Findings of Fact:

39. The amounts in Attachment E are program-based upper limits on expense and capital costs to be recovered from ratepayers for the specific projects authorized through the Implementation Plan. To the extent specific authorized Phase 1 projects are not completed by the end of 2014 and not replaced with other higher priority projects meeting the criteria for Phase 1 projects, the expense and capital cost limit of the balancing account is reduced by the amounts associated with the project not completed.

Modify the Following Conclusions of Law:

20. PG&E has justified including pipeline segments located in Class 1 or 2 locations without high consequence areas but adjacent to Class 3 or 4 locations, ~~or with economic or engineering supporting rationale~~, within Phase 1; however, PG&E has not met its burden for including in Phase 1 of its Implementation Plan Class 1 or 2 pipeline segments not adjacent to a segment in an HCA or Class 3 or 4 location, and these pipeline segments should therefore be removed from Phase 1 of the Implementation Plan.

32. PG&E should file compliance reports as specified in Attachment D. These reports should be publically available and should include a listing of all “higher priority” projects PG&E has performed in lieu of the projects included in its Implementation Plan, including a showing of how each “higher priority” project meets the criteria for Phase 1 projects.

37. A one-way balancing account should be approved for all Implementation Plan projects, subject to the following limitation: To the extent PG&E incurs costs beyond the amounts set forth in Attachment E for projects approved in today’s decision, the expense and capital overruns should not be recorded in the balancing account and capital cost overruns may not be recorded in regulated plant in service accounts. Similarly, where specific authorized Phase 1 projects are not completed by the end of 2014 and not replaced with other higher priority projects meeting the criteria for Phase 1 projects, the expense and capital cost limit of the balancing account should be reduced by the amounts associated with the project not completed.

Modify the following Ordering Paragraphs:

1. The Pipeline Safety Enhancement Plan (Implementation Plan) of Pacific Gas and Electric Company (PG&E) is approved as modified herein. PG&E must expeditiously and efficiently pursue the natural gas system safety improvements as described in the Implementation Plan.
2. Pacific Gas and Electric Company is authorized to increase its natural gas system regulated revenue requirement to be recovered from ratepayers from the amounts authorized in Decision 11-04-031 by the amounts set forth below in the year indicated:

	2012	2013	2014	TOTAL
\$ thousands	\$2,913	\$115,343	\$180,958	\$299,214

These amounts shall be adjusted as soon as practicable consistent with the Implementation Plan database update required in Ordering Paragraph 11 below.

6. Pacific Gas and Electric Company (PG&E) must limit the amounts recorded in the balancing account authorized in Ordering Paragraph 5 to the adopted expense and capital amounts set forth in Attachment E for each program. Expense and capital amounts in excess of adopted amounts may not be recorded in the balancing account and capital cost overruns may not be recorded in regulated plant in service accounts. The adopted expense and capital amounts for any program shall be reduced by the cost of any Implementation Plan project not completed and not replaced with a higher priority project meeting the criteria for Phase 1 projects. Subject to these limits, PG&E is authorized to collect from ratepayers only the revenue requirements associated with actual expenses and capital costs recorded in the balancing account.

11. Pacific Gas and Electric Company must file an application within 30 days of the effective date of this Modified Decision to after the completion of its Maximum Allowable Operating Pressure validation and records search to present the results of those efforts and update its Implementation Plan, authorized revenue requirements, and related budgets, consistent with this decision, using the most current data from its Maximum Allowable Operating Pressure validation and records search, and eliminating from the Phase 1 database all Class 1 and 2 pipeline segments that are non-adjacent to Class 3 or 4 pipeline segments but nevertheless currently included for testing or replacement in Phase 1.