

From: Doll, Laura
Sent: 5/6/2013 10:09:25 AM
To: Hagan, Jack (Brigadier General – CA) (emory.hagan@cpuc.ca.gov)
Cc:
Bcc:
Subject: Re: Statistics

Per your request

Planned activities for 2013 & 2014:

Continuation of PSEP Phase 1 work including:

- Additional pipeline strength testing,
- Replacement of an additional 59 miles of pipeline (2013)
- Automation of an additional 67 valves (2013)
- Retrofitting an additional 121 miles of pipeline for in-line inspections (2013)
- Conducting in-line inspections of 78 miles of pipeline (2013)

There will be additional **non-PSEP** work too, and that is money spent on

- Right of way encroachment remediation (note: this work will extend beyond 2014)
- Pipeline integrity management assessment and verification tools
- Safety culture and performance
- Improvements in the locate and mark programs to mediate against third party dig-ins
- Enhancements to emergency response communications

- New tools for system maintenance, e.g., digital tablets and other support tools for field technicians

Costs [*Eugene Cadenasso has the attached chart showing all these numbers*]

Costs generally can be broken down into PSEP and Non-PSEP safety-related work, including ROW encroachment. The attachment does not include the \$500 million estimate for the encroachment work.

The \$1.4 billion number we have previously provided can be broken down as follows:

- \$1.015 billion total PSEP disallowance [PSEP is a 4 year program, 2011-2014]
- \$150.4 million in PSEP spending in 2011 and 2012 beyond the PSEP disallowance
- \$288.4 million in gas transmission safety-related spending that was not part of PSEP

Additional funds also have been provided to the City of San Bruno: \$114.2 million

(Note: this does not include any third-party claims paid by PG&E)

PSEP

The Commission's PSEP decision ordered PG&E to do the PSEP work, but it disallowed \$1.015 billion of the \$2.2 billion PG&E submitted in its application. That meant that PG&E shareholders would be responsible for the \$1.015 disallowance.

On the attached chart, you'll see that PG&E has already spent more on PSEP work than the amounts that the decision disallowed for 2011 and 2012.

- PG&E spent \$331.7 million in 2011 vs the \$220.7 million estimated in the decision

- PG&E spent \$270.5 million in 2012 vs the \$228.5 million estimated in the decision

- In 2011 and 2012 alone, PG&E shareholders paid \$599.6 million for PSEP **expense**, and another \$50.5 million in PSEP **capital**. These dollars are beyond any funds that will be collected from ratepayers.

- Actual money from PG&E shareholders for **PSEP** expense and capital in 2011 and 2012 totaled \$650.1 million

PSEP 2013 and 2014

- In 2013, PG&E's PSEP Application called for **expense** of \$154.8 million, with \$81.5 million coming from shareholders

- The 2013 **capital** amount for PSEP is \$480.3 million, with \$132.1 of that from shareholders

- In 2014, PG&E's PSEP Application called for **expense** of \$143.9 million with \$54.7 of that coming from shareholders

- The 2014 **capital** amount for PSEP is \$499.9 million, with \$151.9 million of that coming from shareholders

Encroachment

- PG&E estimates it will spend \$500 million to conduct a GIS quality centerline survey of all of its gas transmission pipeline and to address customer encroachments

From: Hagan, Jack (Brigadier General – CA) [mailto:emory.hagan@cpuc.ca.gov]
Sent: Sunday, May 05, 2013 08:36 PM
To: Doll, Laura
Subject: Re: Statistics

What are the planned activities and costs for 2013 2014.

My stats show approx 1b spent for but you reported 1.4 b. What are going to spend the next 1.25 b - 850 m on?

Chasing these numbers is like trying to nail jello to a tree.

Brigadier General (CA) Jack Hagan

Director, Safety & Enforcement Division

California Public Utilities Commission

(916) 267-7201 Cell

Sent from my iPhone

On May 5, 2013, at 15:16, "Doll, Laura" <LRDD@pge.com> wrote:

The PG&E system

- 6750 miles of transmission pipeline
- 42,000 miles of distribution
- Over 4100 gas employees
- 4.3 million natural gas customers
- One of the largest combined gas and electric companies in the US; over 70,000 square miles of service area in Northern and Central California
- Service area stretches from Eureka to Bakersfield, and from the Pacific Ocean to the Sierra Nevada

Since San Bruno

- ██████████ Strength-tested or validated prior strength testing for 435 miles of transmission pipeline
- ██████████ Validated the maximum allowable operating pressure for all 6750 miles of transmission
- ██████████ Replaced 45 miles of pipeline
- ██████████ Retrofitted 78 miles of pipeline to accommodate in-line inspections
- ██████████ Automated 67 valves
- ██████████ Conducted more than 300 workshops with first responders

More work is scheduled for 2013.

And PG&E was incorporated in 1905.

Laura Doll

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