

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Own Motion to Adopt New
Safety and Reliability Regulations for
Natural Gas Transmission and Distribution
Pipelines and Related Ratemaking
Mechanisms.

Rulemaking 11-02-019
(Filed February 24, 2011)

**REPLY OF THE DIVISION OF RATEPAYER ADVOCATES ("DRA")
TO PACIFIC GAS AND ELECTRIC COMPANY'S ("PG&E") RESPONSE TO DRA'S
MOTION FOR THE COMMISSION TO REQUIRE QUALITY ASSURANCE AND
QUALITY CONTROL PLANS FOR THE DEVELOPMENT AND IMPLEMENTATION
OF PG&E'S PIPELINE SAFETY PLAN ("PSEP")**

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August 1, 2013

In accordance with Rule 11.1(f) of the Commission's Rules of Practice and Procedure and the permission of Administrative Law Judge ("ALJ") Bushey granted on August 1, 2013 by e-mail, the Division of Ratepayer Advocates ("DRA") hereby replies to Pacific Gas and Electric Company's ("PG&E") July 23, 2013 Response to DRA's Motion filed July 8, 2013.

DRA's Motion requests that the Commission direct PG&E to prepare Quality Assurance and Quality Control Plans ("QA/QC Plan") for the development and implementation of its Pipeline Safety Plan ("PSEP"). PG&E claims such an order is not necessary, and that it will provide appropriate QA/QC documentation in the testimony that accompanies its PSEP Update Application, which would have been due July 31, 2013, but has now been extended to October 29, 2013.

As the DRA Motion explained, PG&E's historic lack of quality assurance and quality control procedures have been extensively noted and criticized by both the National Transportation Safety Board ("NTSB") and the Independent Review Panel ("IRP") compiled to by this Commission to examine the causes of the San Bruno Explosion.¹

DRA appreciates that, as described in PG&E's Response and its data responses to DRA, there is evidence that PG&E is performing after-the-fact quality control on some aspects of the PSEP work. DRA also acknowledges that PG&E has committed in its Response to address some of DRA's concerns regarding QA/QC as part of the PSEP Update Application. However, *retrospective narrative documentation of QC activities is not a substitute for a proactive QA/QC Plan*. PG&E's Response to DRA's Motion reflects that PG&E' is engaging in *ad hoc and after the fact* QC; this does not add up to the QA/QC Plan that the Commission should expect for a multi-billion dollar rebuild of PG&E's gas transmission system.

PG&E, or at least some parts of PG&E, knows better. The attached letter dated August 2, 2012, from PG&E to the U.S. Nuclear Regulatory Commission reflects that PG&E knows what a "Quality Assurance Plan" is and has one in place for its operations at its Diablo Canyon Nuclear Facility.²

DRA recognizes that QA/QC activities are normally guided by a comprehensive QA/QC Plan established in *advance* of work actually being performed, and that PG&E has already

¹ DRA Motion, pp. 3-5.

² See Attachment A.

performed a significant amount of PSEP work. However, it is not too late to require PG&E to produce a QA/QC plan for all going forward work on its system in order to ensure the safety and cost effectiveness of that work. Among other things, PG&E should be able to incorporate current QC activities into a QA/QC Plan. Effective QA/QC is an indispensable risk management tool for such a large and important project. It would be irresponsible to allow PG&E to continue its PSEP work without an adequate QA/QC Plan.

PG&E has sufficient funding to develop a QA/QC Plan. The PSEP Decision D.12-12-030 authorized nearly \$29 million for a Program Management Office (“PMO”), in part, to pay for QA/QC activities.³

Given the delay in the PSEP Update Application schedule and the Commission’s directive that the PSEP Update Application be limited in scope and expedited, DRA now recognizes that the Update Application is not the appropriate forum to address PG&E’s QA/QC activities. Instead, the Commission should *immediately* order PG&E to prepare a comprehensive QA/QC Plan for all going-forward PSEP activities and provide the Plan for review *as soon as practicable*.

Further, the Commission should provide oversight of PG&E’s QA/QC efforts independent of the pending updated Update Application proceedings and the Commission should hold PG&E accountable for complying with its QA/QC Plan going forward. Absent such affirmative action by the Commission, PG&E will continue to operate in the same manner that contributed to the San Bruno Explosion. Despite the observations of the National Transportation Safety Board and the Independent Review Panel,⁴ it appears that PG&E is planning to perform all of the PSEP work – indeed all of its gas transmission testing and replacement work in the coming decades – without adequate QA/QC in place.

³ See D.12-12-030, p.23 and Late Filed Exhibit ALJ-5, Tables 4 and 5. This figure reflects a decrease from the \$34.8 million requested by PG&E due to adjustment of the escalation factor.

⁴ PG&E Motion, pp. 3-5.

PG&E's failure to embrace QA/QC and to develop a legitimate QA/QC Plan demonstrates that PG&E has not turned the corner to embracing a safety culture. The Commission must take a proactive role in making it happen.

Respectfully submitted,

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ATTACHMENT A

Letter Dated August 2, 2012, from PG&E to the U.S. Nuclear Regulatory Commission