

From: Malkin, Joseph M.

Sent: 9/23/2013 2:33:07 PM

To: 'mab@cpuc.ca.gov' (mab@cpuc.ca.gov)

Garber, Stephen (Law) (/o=PG&E/ou=Corporate/cn=Recipients/cn=SLG0);  
StephanieC@greenlining.org (StephanieC@greenlining.org); anginc@goldrush.com  
(anginc@goldrush.com); pucservice@dralegal.org (pucservice@dralegal.org);  
npedersen@hanmor.com (npedersen@hanmor.com); jboehme@nicor.com  
(jboehme@nicor.com); justin.brown@swgas.com (justin.brown@swgas.com);  
STomkins@semprautilities.com (STomkins@semprautilities.com);  
bob.gorham@fire.ca.gov (bob.gorham@fire.ca.gov); jcorralejo@lbcgla.org  
(jcorralejo@lbcgla.org); Ethan.Jones@Valero.com (Ethan.Jones@Valero.com);  
michelle.d.grant@dynegy.com (michelle.d.grant@dynegy.com); Johns, Christopher  
(/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=CPJ2);  
faith.mabuhayalliance@gmail.com (faith.mabuhayalliance@gmail.com);  
marcel@turn.org (marcel@turn.org); bcragg@goodinmacbride.com  
(bcragg@goodinmacbride.com); austin.yang@sfgov.org (austin.yang@sfgov.org);  
ek@a-klaw.com (ek@a-klaw.com); nformosa@winston.com  
(nformosa@winston.com); rkoss@adamsbroadwell.com  
(rkoss@adamsbroadwell.com); douglas.porter@sce.com (douglas.porter@sce.com);  
rkohut@sandiego.gov (rkohut@sandiego.gov); sgs@dcbsf.com (sgs@dcbsf.com);  
Cjackson@sanbruno.ca.gov (cjackson@sanbruno.ca.gov); carlwood@uwua.net  
(carlwood@uwua.net); gxh@cpuc.ca.gov (gxh@cpuc.ca.gov); tbo@cpuc.ca.gov  
(tbo@cpuc.ca.gov); maguirre@amslawyers.com (maguirre@amslawyers.com);  
Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7);  
Castrence, Kristina (/o=PG&E/ou=Corporate/cn=Recipients/cn=KMMj); McMahon,  
Allie (/O=PG&E/OU=Corporate/cn=Recipients/cn=A2MX); Tsang, Jessica  
(/O=PG&E/OU=Corporate/cn=Recipients/cn=J2TI); Seager, Jonathan  
(/O=PG&E/OU=Corporate/cn=Recipients/cn=J7Se); Marre, Charles  
(/O=PG&E/OU=Corporate/cn=Recipients/cn=CMM6);  
cassandra.sweet@dowjones.com (cassandra.sweet@dowjones.com); Cotroneo,  
Eileen (/O=PG&E/OU=Corporate/cn=Recipients/cn=EFM2); wwester@smud.org  
(wwester@smud.org); michaelboyd@sbcglobal.net (michaelboyd@sbcglobal.net);  
cadowney@cadowneylaw.com (cadowney@cadowneylaw.com);  
christine.tam@cityofpaloalto.org (christine.tam@cityofpaloalto.org);  
dcarroll@downeybrand.com (dcarroll@downeybrand.com);  
karla.Dailey@CityofPaloAlto.org (karla.Dailey@CityofPaloAlto.org);  
ellen.isaacs@asm.ca.gov (ellen.isaacs@asm.ca.gov); westgas@aol.com  
(westgas@aol.com); jheckler@levincap.com (jheckler@levincap.com);  
lencanty@BlackEconomicCouncil.org (lencanty@BlackEconomicCouncil.org);  
enriqueg@greenlining.org (enriqueg@greenlining.org);  
Dave.Weber@nwnatural.com (Dave.Weber@nwnatural.com); service@cforat.org  
(service@cforat.org); gclark@lodistorage.com (gclark@lodistorage.com);  
ssc.chrissy@gmail.com (ssc.chrissy@gmail.com); ajahns@jahnsatlaw.com  
(ajahns@jahnsatlaw.com); artfrias@uwua.net (artfrias@uwua.net);  
smeyers@meyersnave.com (smeyers@meyersnave.com); julien.dumoulin-

Cc:

smith@ubs.com (julien.dumoulin-smith@ubs.com); jleslie@mckennalong.com  
(jleslie@mckennalong.com); Anes, Jasmin J  
(/O=PG&E/OU=Corporate/cn=Recipients/cn=JJAV); berlin@susieberlinlaw.com  
(berlin@susieberlinlaw.com); ESelmon@Jemzar.com (ESelmon@Jemzar.com);  
jason.dubchak@niskapartners.com (jason.dubchak@niskapartners.com); Lavinson,  
Melissa A  
(/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=MALP45107730);  
RegRelCPUCCases  
(/O=PG&E/OU=Corporate/cn=Recipients/cn=RegRelCPUCCases); nes@a-  
klaw.com (nes@a-klaw.com); case.admin@sce.com (case.admin@sce.com);  
mrw@mrwassoc.com (mrw@mrwassoc.com); DWTCPUCCOCKETS@dwt.com  
(DWTCPUCCOCKETS@dwt.com); douglass@energyattorney.com  
(douglass@energyattorney.com); klatt@energyattorney.com  
(klatt@energyattorney.com); mchediak@bloomberg.net  
(mchediak@bloomberg.net); ttutt@smud.org (ttutt@smud.org); gloria.ing@sce.com  
(gloria.ing@sce.com); ted@PointState.com (ted@PointState.com);  
Naftab@semprautilities.com (Naftab@semprautilities.com);  
michael.alexander@sce.com (michael.alexander@sce.com);  
daniel.j.brink@exxonmobil.com (daniel.j.brink@exxonmobil.com);  
sendo@cityofpasadena.net (sendo@cityofpasadena.net);  
Robert.F.Lemoine@sce.com (Robert.F.Lemoine@sce.com);  
GHealy@semprautilities.com (GHealy@semprautilities.com); wmc@a-klaw.com  
(wmc@a-klaw.com); rothenergy@sbcglobal.net (rothenergy@sbcglobal.net);  
pat.jackson@teaminc.com (pat.jackson@teaminc.com);  
JLSalazar@SempraUtilities.com (JLSalazar@SempraUtilities.com);  
unionnancy@gmail.com (unionnancy@gmail.com); lauren.duke@db.com  
(lauren.duke@db.com); paul.gendron@JPMorgan.com  
(paul.gendron@JPMorgan.com); carneycomic@sbcglobal.net  
(carneycomic@sbcglobal.net); christy.berger@swgas.com  
(christy.berger@swgas.com); Paul.Tramonte@jpmorgan.com  
(Paul.Tramonte@jpmorgan.com); tcollier@buckeye.com (tcollier@buckeye.com);  
rmorillo@ci.burbank.ca.us (rmorillo@ci.burbank.ca.us); timothyrea@hotmail.com  
(timothyrea@hotmail.com); scott.senchak@decade-llc.com (scott.senchak@decade-  
llc.com); janet.combs@sce.com (janet.combs@sce.com); dtorres@sogate.org  
(dtorres@sogate.org); DNg@semprautilities.com (DNg@semprautilities.com);  
priscila.castillo@ladwp.com (priscila.castillo@ladwp.com);  
RPrince@SempraUtilities.com (RPrince@SempraUtilities.com);  
robert.pettinato@ladwp.com (robert.pettinato@ladwp.com);  
jim.mathews@swgas.com (jim.mathews@swgas.com); wschmidt@buckeye.com  
(wschmidt@buckeye.com); slins@ci.glendale.ca.us (slins@ci.glendale.ca.us);  
eklinkner@cityofpasadena.net (eklinkner@cityofpasadena.net);  
kirby.bosley@jpmorgan.com (kirby.bosley@jpmorgan.com);  
ppatterson2@nyc.rr.com (ppatterson2@nyc.rr.com); francis.mculty@sce.com  
(francis.mculty@sce.com); jdangelo@catapult-llc.com (jdangelo@catapult-  
llc.com); mfranco@semprautilities.com (mfranco@semprautilities.com);  
Catherine.Mazzeo@swgas.com (Catherine.Mazzeo@swgas.com);

kfallon@sirfunds.com (kfallon@sirfunds.com); mgoldenberg@luminusmgmt.com (mgoldenberg@luminusmgmt.com); randall@nexusamllc.com (randall@nexusamllc.com); terence.healey@cwt.com (terence.healey@cwt.com); andrew.greenberg@cwt.com (andrew.greenberg@cwt.com); ken.irvin@cwt.com (ken.irvin@cwt.com); SHruby@SempraUtilities.com (SHruby@SempraUtilities.com); jonathan.arnold@db.com (jonathan.arnold@db.com); mfallon@taloncap.com (mfallon@taloncap.com); angelica.morales@sce.com (angelica.morales@sce.com); NStein@LevinCap.com (NStein@LevinCap.com); Lbleveans@burbankca.gov (Lbleveans@burbankca.gov); NKhumawala@WolfeTrahan.com (NKhumawala@WolfeTrahan.com); rajeev.lalwani@morganstanley.com (rajeev.lalwani@morganstanley.com); stephen.byrd@morganstanley.com (stephen.byrd@morganstanley.com); anjani.vedula@db.com (anjani.vedula@db.com); Horner, Trina (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TNHC); Pendleton, Jonathan (Law) (/O=PG&E/OU=Corporate/cn=Recipients/cn=J1Pc); Chan, Daren (/o=PG&E/ou=Corporate/cn=Recipients/cn=D1Ct); Manheim, William (Law) (/O=PG&E/OU=Corporate/cn=Recipients/cn=WVM3); Klein, Kerry (Law) (/o=PG&E/ou=Corporate/cn=Recipients/cn=KCK5); tlong@turn.org (tlong@turn.org); Andrus, Alan (/O=PG&E/OU=Corporate/cn=Recipients/cn=APA6); nes@a-klaw.com (nes@a-klaw.com); filings@a-klaw.com (filings@a-klaw.com); sbender@energy.state.ca.us (sbender@energy.state.ca.us); CentralFiles@SempraUtilities.com (CentralFiles@SempraUtilities.com); bfinkelstein@turn.org (bfinkelstein@turn.org); cem@newsdata.com (cem@newsdata.com); 'mfl@cpuc.ca.gov' (mfl@cpuc.ca.gov); jarmstrong@goodinmacbride.com (jarmstrong@goodinmacbride.com); mdjoseph@adamsbroadwell.com (mdjoseph@adamsbroadwell.com); jkarp@winston.com (jkarp@winston.com); tomb@crossborderenergy.com (tomb@crossborderenergy.com); kowalewska@calpine.com (kowalewska@calpine.com); atrowbridge@daycartermurphy.com (atrowbridge@daycartermurphy.com); marcie.milner@shell.com (marcie.milner@shell.com); Susan.Durbin@doj.ca.gov (Susan.Durbin@doj.ca.gov); ssciortino@anaheim.net (ssciortino@anaheim.net); kfabry@sanbruno.ca.gov (kfabry@sanbruno.ca.gov); sjkeene@iid.com (sjkeene@iid.com); jhunter@riversideca.gov (jhunter@riversideca.gov); jjdavis@dcbsf.com (jjdavis@dcbsf.com); bburns@caiso.com (bburns@caiso.com); billjulian@sbcglobal.net (billjulian@sbcglobal.net); gvanpelt@caiso.com (gvanpelt@caiso.com); janill.richards@doj.ca.gov (janill.richards@doj.ca.gov); mmattes@nossaman.com (mmattes@nossaman.com); Jeff.cardenas@asm.ca.gov (Jeff.cardenas@asm.ca.gov); aaron.joseph.lewis@gmail.com (aaron.joseph.lewis@gmail.com); rkennedy@energy.state.ca.us (rkennedy@energy.state.ca.us); cguss@anaheim.net (cguss@anaheim.net); dmarcus2@sbcglobal.net (dmarcus2@sbcglobal.net); kuprewicz@comcast.net (kuprewicz@comcast.net); Service@spurr.org (Service@spurr.org); john@clfp.com (john@clfp.com); patricia.borchmann@yahoo.com (patricia.borchmann@yahoo.com); theresa.mueller@sfgov.org

(theresa.mueller@sfgov.org); russell@lodistorage.com (russell@lodistorage.com); waltowaiji@tustinca.org (waltowaiji@tustinca.org); RobertGnaizda@gmail.com (RobertGnaizda@gmail.com); grant.kolling@cityofpaloalto.org (grant.kolling@cityofpaloalto.org); laura@messimer.com (laura@messimer.com); bstrottman@meyersnave.com (bstrottman@meyersnave.com); kelder@aspenerg.com (kelder@aspenerg.com); gcaldwell@sanbruno.ca.gov (gcaldwell@sanbruno.ca.gov); skh@cpuc.ca.gov (skh@cpuc.ca.gov); hym@cpuc.ca.gov (hym@cpuc.ca.gov); mab@cpuc.ca.gov (mab@cpuc.ca.gov); jzr@cpuc.ca.gov (jzr@cpuc.ca.gov); cpe@cpuc.ca.gov (cpe@cpuc.ca.gov); mpo@cpuc.ca.gov (mpo@cpuc.ca.gov); kpp@cpuc.ca.gov (kpp@cpuc.ca.gov); jmh@cpuc.ca.gov (jmh@cpuc.ca.gov); joc@cpuc.ca.gov (joc@cpuc.ca.gov); aad@cpuc.ca.gov (aad@cpuc.ca.gov); tcr@cpuc.ca.gov (tcr@cpuc.ca.gov); djg@cpuc.ca.gov (djg@cpuc.ca.gov); dbp@cpuc.ca.gov (dbp@cpuc.ca.gov); pap@cpuc.ca.gov (pap@cpuc.ca.gov); ang@cpuc.ca.gov (ang@cpuc.ca.gov); SanBrunoGasSafety@cpuc.ca.gov (SanBrunoGasSafety@cpuc.ca.gov); ram@cpuc.ca.gov (ram@cpuc.ca.gov); map@cpuc.ca.gov (map@cpuc.ca.gov); kcl@cpuc.ca.gov (kcl@cpuc.ca.gov); pzs@cpuc.ca.gov (pzs@cpuc.ca.gov); emm@cpuc.ca.gov (emm@cpuc.ca.gov); rmp@cpuc.ca.gov (rmp@cpuc.ca.gov); nsuetake@turn.org (nsuetake@turn.org); edd@cpuc.ca.gov (edd@cpuc.ca.gov); nws@cpuc.ca.gov (nws@cpuc.ca.gov); cjp@cpuc.ca.gov (cjp@cpuc.ca.gov); kab@cpuc.ca.gov (kab@cpuc.ca.gov); ljt@cpuc.ca.gov (ljt@cpuc.ca.gov); JMauldin@adamsbroadwell.com (JMauldin@adamsbroadwell.com); njohnson@consumercal.org (njohnson@consumercal.org); sean.beatty@nrgenergy.com (sean.beatty@nrgenergy.com); Cathy@BarkovichAndYap.com (Cathy@BarkovichAndYap.com); tony.marino@sen.ca.gov (tony.marino@sen.ca.gov); ako@cpuc.ca.gov (ako@cpuc.ca.gov); ttf@cpuc.ca.gov (ttf@cpuc.ca.gov); gburke@ap.org (gburke@ap.org); Vrogers1994@yahoo.com (Vrogers1994@yahoo.com); mk3@cpuc.ca.gov (mk3@cpuc.ca.gov); sni@cpuc.ca.gov (sni@cpuc.ca.gov); oe2@cpuc.ca.gov (oe2@cpuc.ca.gov); eim@cpuc.ca.gov (eim@cpuc.ca.gov); carolina.contreras@cpuc.ca.gov (carolina.contreras@cpuc.ca.gov); jmullan@meyersnave.com (jmullan@meyersnave.com); caj@cpuc.ca.gov (caj@cpuc.ca.gov); ms8@cpuc.ca.gov (ms8@cpuc.ca.gov); ag5@cpuc.ca.gov (ag5@cpuc.ca.gov)

Bcc:

Subject: RE: R. 11-02-019 - Request for Status Conference re Order to Show Cause

Dear ALJ Bushey,

I am writing to request that you schedule a status conference, preferably this week, to discuss the scope of discovery and continued hearings on the OSC that you and Commissioner Florio contemplate.

Between September 13 and 18, PG&E received data requests totaling more than 200 questions. While the majority of these are directed to Mr. Johnson's Verified Statement and the hearing held on September 6, a significant minority range far afield of what we understand to be the scope of this OSC, and some on their face delve into issues related to other proceedings.

Some examples of the categories and nature of the data requests we question should give you a sense of why we think an early conversation about these issues may help to focus the remaining proceedings:

**OII-related:**

The following data requests from SED's legal advocacy team all derive from or are directly related to the pending OIIs:

The following data requests all come from SED Data Request 5 (underlining added):

Q22. Please refer to PG&E's Data Response to Safety and Enforcement Division Data Request 24, Question 2 in I.11-02-016, which is attached for convenience. Turning to the first line of the second page, PG&E's data response notes, "PG&E has not previously captured data identifying reconditioned pipe in the gas transmission system in its databases. PG&E is currently collecting and cataloguing data identifying reconditioned pipe in the gas transmission system in the course of its ongoing effort to validate the MAOP of its gas transmission pipelines and to create detailed 'pipeline features lists.'"

a. With this statement in mind, has PG&E completed the collection and cataloguing of data identifying reconditioned pipe in the gas transmission system?

b. If not, will PG&E complete the collecting and cataloguing of data identifying reconditioned pipe in the gas transmission system before it completes its MAOP validation effort?

Q28. Has PG&E fully implemented the Intrepid GIS 3.0 discussed by Sumeet Singh in his testimony and during cross examination in I.11-02-016? If no, please provide the status of this system. If yes, please list the data categories (eg. Seam type) transferred from GIS 2.0 into Intrepid GIS 3.0?

Q29. PG&E provided SED an updated GIS Change Log in Jan 2013 [in I.11-02-016]. Please confirm that this Change Log applies to the information that populates GIS 2.0, and whether PG&E still uses its GIS 2.0 system. Does this Change Log also apply to the information that populates GIS 3.0?

Q32. Please refer to the Verified Statement, Page 3, paragraph 9. Regarding PG&E's statement in this paragraph that it will "strengthen test to modern standards or replace all transmission pipe for which we do not have complete, verifiable records of an appropriate strength test":

...

b. Does PG&E's statement in Page 3, paragraph 9 apply to the list of 23,761 entries covering more than 435 miles of Class 3 and 4 and HCA pipe segments for which PG&E acknowledged that it had not located a valid strength test as of August 30, 2012? (See I.11-02-016, PG&E Data Response Joint 001-01 in response to CPSD and TURN).

c. Does PG&E's statement in Page 3, paragraph 9 apply to the list provided by PG&E showing 2,521 instances of assumed SMYS values greater than 24,000 PSI? (See I.11-02-016 PG&E's Data Response to CPSD and TURN Joint\_DR01Q02\_Atch01, "AUDITLOG\_01182013 Redacted" provided by PG&E on January 18, 2013 per ALJ's instructions. This count can be determined by clicking on the column titled "Field\_Name", and sorting that column from A to Z. This will group all of the changes to SMYS values together, enabling a count of all assumed values that exceed 24,000 psi.

d. If the answer to questions b is no, why not? If the answer to c is no, why not?

SED considered the presence of A.O. Smith pipe and records related to it to be a significant issue in I.11-02-016. SED Data Request 5, Q20 asks:

Please provide a list showing each piece of A.O. Smith pipe that PG&E has discovered through excavation in its system. For each piece discovered, please identify the following.

- a. Please identify each date the A.O. Smith pipe was discovered in the field.
  
- b. Please identify each case in which PG&E sent the pipe to a lab to confirm its characteristics. If it was sent to the lab, what date was it sent and what date did PG&E receive the lab results?
  
- c. For each A.O. Smith discovery, were PG&E's records for that section of pipe inaccurate?
  
- d. For each A.O. Smith pipe discovery, did PG&E's records indicate that the pipe had been installed elsewhere prior to its current location? If so, please provide those records and indicate the date of the prior installation.

And, DR SED 5-16 asks whether the errors that are the subject of this OSC were reported to SED "while the record was open in I.12-01-007, I.11 02-016 or I.11-11-009."

**PSEP-Related:**

DRA asked a series of data requests that seem more related to its pending QA/QC motion in PG&E's PSEP proceeding than to the issues on this OSC (underlining added):

Q08. Please explain PG&E's working definition of QA/QC, including when a QA/QC Plan should be adopted and what it should contain.

Q09. In the context of the Commission’s review of PG&E’s quality assurance failures when it was constructing its Diablo Canyon Nuclear Facility, the Commission referred to federal regulations and defined quality assurance as “all those planned and systematic actions necessary to provide adequate confidence that a structure, system or component will perform satisfactorily in service.” As a general rule, “planned” and “systematic” actions are the key to quality assurance and quality control. Quality assurance and quality control procedures are a preliminary set of fundamental requirements and established prior to undertaking any complex investigation, engineering, or construction project, where opportunities exist for mistakes and miscalculations to propagate undetected throughout a project. It is especially important to have a solid plan for controlling errors where public safety is at risk. While an effective QA plan will significantly reduce errors it is prudent to assume that some errors will still occur in complex projects. Those errors should be caught and promptly corrected by quality control procedures. A well-crafted QA/QC plan developed prior to project implementation is an indispensable risk reduction tool that should provide steps for both detecting and correcting residual errors before safety is compromised. It is essential to public safety as well.

a) Where PG&E’s working definition of QA/QC or its opinion regarding the timing and role of QA/QC varies from the statement set forth above, please explain how it varies, and why.

Q10. Does PG&E have a comprehensive QA/QC Plan document that addresses all of the QA/QC aspects of the PSEP project? If not, why has PG&E failed to develop one?

Q 11. At 16B 2444:23-25 (PG&E/Singh) PG&E testifies: “Quality assurance is performed by an independent audit firm throughout the duration of this project.”

a) What is PG&E’s definition of “quality assurance” for purposes of this testimony?

b) Please describe the specific activities performed by the “independent audit firm,” the name of the firm, its QA/QC qualifications, and how long it has been performing these functions on the PSEP Project.



c) How does the “independent audit firm” interact with PG&E’s PSEP Program Management Office and/or Quality & Improvement group within Gas Operations?

d) Do PG&E’s quality activities include specific direction for current field information (i.e. post the San Bruno explosion) to be reviewed for consistency with the pipeline features in the pipeline database and the database updated where inconsistencies are found?

i. If so, please describe this process, including how long it takes from the time a field observation is made until the database is updated, how the field observations are verified, and provide supporting documentation, including, without limitation, any management-approved document that would instruct PG&E personal on the procedures to follow in performing the database comparison and making any necessary updates.

ii. If such a procedure does not exist, please explain why not and how this is consistent with PG&E’s testimony at 16B RT 2446, 2488-2489, and 2493.

Q21. Ordering Paragraph (OP) 10 of D.12-12-030 requires PG&E to submit Quarterly Compliance Reports regarding its PSEP implementation. OP 11 of D.12-12-030 requires PG&E to submit an Update Application once its MAOP validation is complete.

a) How has PG&E reflected the information regarding the Line 147 and Line 101 errors in its Quarterly Compliance Reports?

b) How does PG&E anticipate reflecting these errors and others in its Quarterly Reports going forward?

c) Has discovery of the Line 147/Segment 109 errors prompted PG&E to revisit the MAOP Validation which, for purposes of the PSEP were completed on July 1, 2013? If so, how?

d) If the MAOP Validation completed on July 1, 2013 is not being revisited, please state the

reasons why not.

e) How has discovery of these errors, in addition to others that may yet to be discovered, impact the timing or content of the Update Application, which is supposed to be based on an accurate MAOP validation?

In addition, DRA has asked for maps that show original “PSEP designations” for segments and current designations. DRA DR 86-37 & 38.

**Other DRs:**

Other data requests that seem to expand the scope of this OSC proceeding address ratemaking issues (TURN 34-8), all excavations on Lines 101, 132A, 147 from 2010 through 2013 (DRA 86-3), operating pressures on segments 103, 103.6 and 109 of Line 147 since they were installed (DRA 86-24), the original class location for each segment on Lines 101 and 147 and every change to each class location (DRA 86-28) as well as the original 1970’s class location study (DRA 86-31), PG&E’s transmission integrity management program (DRA 86-33), and PG&E’s Gas Transmission and Storage Safety Report for January 1 – June 30, 2013 (DRA 86-35 & 36).

We believe a status conference will help to maintain the focus to this proceeding that you and Commissioner Florio intend.

Thank you,

Joe Malkin

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