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Subject: I.11-11-009 - PG&E Gas Pipeline OIs - Ruling Requesting Clarification from  
PG&E

#### ADMINISTRATIVE LAW JUDGES' RULING REQUESTING CLARIFICATION FROM PG&E

We have noted a potential ambiguity in a portion of PG&E's answer to Question 3 in PG&E's  
RESPONSES TO QUESTIONS IN SECTION 3 OF ADMINISTRATIVE LAW JUDGES'  
JULY 30, 2013 RULING REQUESTING ADDITIONAL COMMENT, originally filed on  
August 21, 2013 and amended by filing on September 17, 2013. There, PG&E states in part:

"For regulatory and GAAP purposes, PG&E will expense disallowed expenses as  
incurred. Fines are recorded as below the line costs when imposed and do not affect

PG&E's regulatory accounts.”

“For regulatory and GAAP purposes, PG&E will expense disallowed capital expenditures when incurred (i.e., expenditures are not capitalized or added to rate base).”

We request clarification of these answers from PG&E. Did PG&E mean to say that these expenditures (capital and non-capital) will be recognized for GAAP accounting purposes (1) based on when PG&E becomes liable to pay others for those items or (2) based on when those expenses are disallowed. Please clarify your answer to this question as part of your reply comments due on October 7, 2013 and explain your answer in sufficient detail as to avoid any further ambiguity.

ALJs Yip-Kikugawa and Wetzell