

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Pacific Gas and Electric Company to Determine Violations of Public Utilities Code Section 451, General Order 112, and Other Applicable Standards, Laws, Rules and Regulations in Connection with the San Bruno Explosion and Fire on September 9, 2010.

I.12-01-007
(Filed January 12, 2012)
(Not Consolidated)

Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Pacific Gas and Electric Company with Respect to Facilities Records for its Natural Gas Transmission System Pipelines.

I.11-02-016
(Filed February 24, 2011)
(Not Consolidated)

Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Pacific Gas and Electric Company's Natural Gas Transmission Pipeline System in Locations with High Population Density.

I.11-11-009
(Filed November 10, 2011)
(Not Consolidated)

**CITY OF SAN BRUNO'S RESPONSE TO THE JOINT MOTION OF THE DIVISION
OF RATEPAYER ADVOCATES AND THE UTILITY REFORM NETWORK TO
STRIKE REFERENCES OUTSIDE THE RECORD CONTAINED IN PACIFIC GAS
AND ELECTRIC COMPANY'S RESPONSE TO SECTION 3 OF
ADMINISTRATIVE LAW JUDGES' JULY 30, 2013 RULING REQUESTING
ADDITIONAL COMMENT AND MOTION TO SHORTEN TIME FOR RESPONSES**

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September 12, 2013

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ADDITIONAL COMMENT AND MOTION TO SHORTEN TIME FOR RESPONSES**

Pursuant to Administrative Law Judge Mark Wetzell's Ruling on September 9, 2013, the City of San Bruno (the "City" or "San Bruno") submits this response in support of the Joint Motion of the Division of Ratepayer Advocates ("DRA") and The Utility Reform Network's ("TURN") Motion to Strike Pacific Gas and Electric Company ("PG&E") references in its response to Section 3 of the Administrative Law Judges' ("ALJs") July 30, 2013 ruling requesting additional comment outside the evidentiary record in I.12-01-007, I.11-02-016, and I.11-11-009 (the "Line 132 Proceedings") concerning current and forecast gas transmission-

related expenditures allegedly borne or forecast to be borne by PG&E ratepayers (the “Joint Motion to Strike”).

San Bruno supports DRA and TURN’s Motion to Strike PG&E’s extra-record factual statements and assumptions:

- **Assumptions relating to cost of capital:** “PG&E estimates that its annual revenue requirement could increase by \$800 million due to increases in its cost of capital and other costs. [Footnote omitted]. This would correspond to roughly a 4% increase in the average residential gas and electric bill.”¹
- **Assumptions relating to \$800 million calculation:** “This assumes a 200 basis point return on equity increase (10.4% to 12.4%) and a 78 basis point authorized cost of debt increase (5.52% to 6.30%) on PG&E’s rate base at the midpoint of guidance for 2014 (*i.e.*, \$28.75 billion). The \$800 million annual revenue requirement increase includes \$150 million in short-term borrowing, procurement and collateral costs.”²

PG&E is attempting to supplement the record with facts regarding its costs of capital that are not in evidence, have not been proffered by expert testimony, and have not been subject to cross-examination or expert rebuttal. PG&E’s legal team has repeatedly complained that it has been denied due process of law by various rulings of the assigned ALJs to these proceedings, however when give the opportunity, PG&E attempts to improperly supplement the record in order to demonstrate the possible effects of a fine and related penalties in these proceedings as impacting the ratepayers. Nothing can have a greater impact on the fairness and objectivity of these investigatory and adjudicatory proceedings as an attempt by PG&E to turn these OIIs into a rate case. Furthermore, instilling fear in the ratepayers of higher gas and electric costs as a result

¹ See PG&E’s Response to Questions in Section 3 of Administrative Law Judges’ July 30, 2103 Ruling Requesting Additional Comment, page 7.

² See PG&E’s Response to Questions in Section 3 of Administrative Law Judges’ July 30, 2103 Ruling Requesting Additional Comment, footnote 14.

of PG&E's negligence is a public relations narrative of PG&E that has no place in these proceedings. Perhaps PG&E would now like to raise the canard of bankruptcy as well.

It is further troubling that PG&E's references to unproven and unverified ratepayer responsibility completely disregard the Administrative Law Judges' express ruling that parties "may not introduce new evidence" in their responses to the ALJs' Request for Additional Ruling.³ The ALJs clearly and expressly stated that they "seek further *briefing* with comments based on the existing record of these proceedings, no new facts are to be introduced."⁴ [Emphasis in original]. The Commission cannot, and should not, permit PG&E to disregard its ruling by allowing PG&E to unilaterally reopen the record to admit two dubious and self-serving assumptions.

The City of San Bruno objects to PG&E's use of this venue for purposes of furthering its claims that the penalties and fines to be levied against PG&E for the San Bruno disaster will be borne by the ratepayers. This is a false narrative and a scare tactic as any penalties and fines will be borne by the shareholders, not the ratepayers. For all of the reasons set forth above, and those explained in detail in DRA and TURN's Joint Motion to Strike, San Bruno strongly supports DRA and TURN's request that PG&E's public relations references to the PG&E ratepayer

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³ See Exhibit A re: ALJ Wetzell Ruling dated August 13, 2013 and entitled "I.12-01-007, I.11-02-016, I.11-11-009 - PG&E Gas Pipeline Investigations - Ruling on TURN Motion for Clarification"

⁴ *Id.*

amounts be stricken from PG&E's Response to Questions in Section 3 of Administrative Law
Judges' July 30, 2103 Ruling Requesting Additional Comment.

Respectfully submitted,

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September 12, 2013

2148367.1

EXHIBIT A

Strottman, Britt

From: Wetzell, Mark S. <mark.wetzell@cpuc.ca.gov>
Sent: Tuesday, August 13, 2013 5:04 PM
To: Morris, Harvey Y.; Bone, Traci; theresa.mueller@sfgov.org; tlong@turn.org; JMalkin@Orrick.com; Meyers, Steven; bmcc@mccarthy.com; berlin@susieberlinlaw.com; martinhomec@gmail.com; ESelmon@Jemzar.com; RegRelCPUCCases@pge.com; cassandra.sweet@dowjones.com; enriqueg@greenlining.org; Gregory.Reiss@mlp.com; jheckler@levincap.com; j7se@pge.com; julien.dumoulin-smith@ubs.com; lauren.duke@db.com; mchediak@bloomberg.net; wmc@a-klaw.com; p.duller@btinternet.com; thnxvm@gmail.com; StephanieC@greenlining.org; dvanhoogstraten@stinson.com; scott.senchak@decade-llc.com; mfallon@taloncap.com; anjani.vedula@db.com; kfallon@sirfunds.com; ted@PointState.com; jdangelo@catapult-llc.com; mgoldenberg@luminusmgmt.com; sunny.kwak@macquarie.com; acrowdell@jefferies.com; bnaeve@levincap.com; NStein@LevinCap.com; randall@nexusamllc.com; andrew.greenberg@cwt.com; ken.irvin@cwt.com; terence.healey@cwt.com; kdaly@stinson.com; naaz.khumawala@baml.com; catherine.mazzeo@swgas.com; dng@SempraUtilities.com; Jlsalazar@SempraUtilities.com; SHruby@SempraUtilities.com; MFranco@SempraUtilities.com; RPrince@SempraUtilities.com; npedersen@hanmor.com; angelica.morales@sce.com; douglas.porter@sce.com; Francis.McNulty@sce.com; gcalldwell@sanbruno.ca.gov; kfabry@sanbruno.ca.gov; cjackson@ci.sanbruno.ca.us; rkoss@adamsbroadwell.com; mdjoseph@adamsbroadwell.com; Hook, Charlyn A.; rcc@cpuc.ca.gov; austin.yang@sfgov.org; nsuetake@turn.org; BKC7@pge.com; bts1@pge.com; cpj2@pge.com; filings@a-klaw.com; lhj2@pge.com; nes@a-klaw.com; sgs@dcbsf.com; teb3@pge.com; gburke@ap.org; BCragg@GoodinMacbride.com; cem@newsdata.com; grant.kolling@cityofpaloalto.org; chris_king@siemens.com; Strottman, Britt; Mullan, Jessica; service@cforat.org; pucservice@dralegal.org; margaret@mfelts.com; abb@eslawfirm.com; wwester@smud.org; atrowbridge@daycartermurphy.com; Peck, David B.; Paull, Karen P.; Colvin, Michael; Tong, Kan Wai; Yip-Kikugawa, Amy C.; Kotch, Andrew; Johnson, Catherine A.; Gruen, Darryl; Dorman, Elizabeth; Cadenasso, Eugene; Halligan, Julie; Lee, Kelly C.; Bruno, Kenneth; Tisdale, Matthew; Cooke, Michelle; Bawa, Niki; Myers, Richard A.; Prosper, Terrie D.; Roberts, Thomas; Foss, Travis
Subject: I.12-01-007, I.11-02-016, I.11-11-009 - PG&E Gas Pipeline Investigations - Ruling on TURN Motion for Clarification

NOTICE TO PARTIES IN I.11-02-016

This Administrative Law Judges' Ruling responds to the August 12, 2013 *Motion of The Utility Reform Network [(TURN)] for Clarification of Ruling and Modification of the Procedural Schedule*. TURN filed its motion in response to the July 30, 2013 *Administrative Law Judges' Ruling Requesting Additional Comment* (July 30 Ruling). TURN seeks, among other things, clarification that parties may not introduce new evidence that would circumvent the August 1, 2013 ruling denying Pacific Gas and Electric Company's (PG&E) motion to reopen the record. Additionally, TURN seeks modification of the procedural schedule set forth in the July 30 Ruling. TURN proposes that PG&E should respond first to all questions in the July 30 Ruling and that other parties should then respond 15 days later.

We provide the following clarification to the July 30 Ruling. PG&E and other parties responding to the July 30 Ruling may not introduce new evidence that would circumvent the August 1, 2013 ruling denying PG&E's motion to reopen the record. More broadly, we seek further *briefing* with comments based on the existing record of these proceedings; no new facts are to be introduced.

We do not find good cause to change the basic procedural approach set forth in the July 30 Ruling. We will, however, provide an additional five business days for replies to comments and extend the filing date from September 23, 2013 to September 30, 2013.

IT IS RULED that:

1. Clarification of the July 30, 2013 *Administrative Law Judges' Ruling Requesting Additional Comment* is provided as set forth in the foregoing discussion.
2. The date for reply comments set forth in the *Administrative Law Judges' Ruling Requesting Additional Comment* is extended from September 23, 2013 to September 30, 2013.
3. The August 12, 2013 *Motion of The Utility Reform Network for Clarification of Ruling and Modification of the Procedural Schedule* is granted to the extent set forth in Ordering Paragraphs 1 and 2 of this ruling and is otherwise denied.

Administrative Law Judges Yip-Kikugawa and Wetzell