

**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)

**AMENDMENT TO PACIFIC GAS AND ELECTRIC
COMPANY'S PIPELINE SAFETY ENHANCEMENT PLAN
(PSEP) COMPLIANCE REPORT**

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COMPANY'S PIPELINE SAFETY ENHANCEMENT PLAN
(PSEP) Q2 2013 COMPLIANCE REPORT**

I. INTRODUCTION

Pursuant to Rule 1.12(a) of the Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company ("PG&E") files the attached amendment to the July 30, 2013 Pipeline Safety Enhancement Plan ("PSEP") Quarterly Compliance Report, for the reporting period April 1, 2013 through June 30, 2013.

PG&E included, on page 3 of its July 30, 2013 PSEP Compliance Report, Table 1 summarizing PSEP construction activity for the second quarter of 2013 ("Q2 2013"), the second quarter of 2012 ("Q2 2012"), Year-To-Date Q2 2013, and Year-To-Date Q2 2012. Recently, in the course of responding to data requests propounded by The Division of Ratepayer Advocates, PG&E discovered some errors in the reported miles of pipeline replaced and strength tested for Q2 2013. None of the other data in Table 1 was impacted.

In addition, PG&E included Table 2 on page 5 of the July 30, 2013 PSEP Compliance Report, which shows a summary of PSEP filed vs. actual costs by workstream. Recently, PG&E discovered some errors in the costs reported in Table 2, and in the descriptions in the footnotes.

Tables 1 and 2 below show the corrected data in redlined format.

**TABLE 1
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF PSEP CONSTRUCTION ACTIVITY
QUARTER ENDING JUNE 30 AND YEAR-TO-DATE 2013 vs. 2012**

	Q2 2013	Q2 2012	YTD Q2 2013	YTD Q2 2012
Pipeline Replacement (miles)	14.1 8.8	3.4	18.9	3.4
Strength Testing (miles)	51.3 44.0	47.7	66.4	64.0
In-Line Inspection (ILI) (miles)	39.0	0	39.0	0
Pipeline Upgrades to Allow ILI (miles)	0	0	0	0
Valve Automation (valves)	11 2	4	19	24

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TABLE 2
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF PSEP FILED VS. ACTUAL COSTS BY WORKSTREAM
REPORTING PERIOD APRIL 1, 2013 – JUNE 30, 2013
(IN MILLIONS OF DOLLARS)

	PG&E Filing Estimate ^(a)	Authorized Program Expenses ^(a) ^(b)	Actual Costs Program Inception-to-Date (4/1/11 – 6/30/13) ^(b)	Actual Costs Reporting Period (4/1/13 – 6/30/13) ^(b)
Pipeline Modernization				
Pipeline Replacement	839.1 838.5		370.6 369.6	84.1 130.0
Strength Testing	456.8 452.6		437.5 434.6	47.1 57.5
In-Line Inspections/ Upgrades	39.9 40.0		36.3	8.1 19.7
Subtotal	1,335.8 1331.0	1,002.0	844.4 840.5	139.4 207.2
Valve Automation	143.6	135.7	65.6 59.4	14.9 18.7
Pipeline Records Integration	286.0	0.0	296.3	18.7 44.5
Interim Safety Enhancement Measures	3.2	2.1	3.2	0.3 0.8
Program Management Office (PMO) and Other ^(c)	34.8	28.9	40.8	2.9 8.9
Risk-Based Contingency	380.5 360.4	0.0	-	-
Total	2,183.9 2159.0	1,168.8	1,250.3 1240.2	176.2 280.1

(a) The amounts represent PG&E's filed PSEP request, excluding Stanpac's amount of 11.3 million.

(a)(b) Decision 12-12-030 did not authorize rate recovery for pipeline replacement and strength testing activities (based upon specific pipeline attributes), the total amounts requested for Pipeline Records Integration Program, and risk-based program contingency authorized amounts. PG&E's Update Application, to be filed later this year, will update these authorized amounts (based upon the results of completing its records collection and MAOP validation project) and provide supplemental segment level detail supporting the project-level data provided in this report.

(b) Includes Stanpac costs incurred of approximately \$10.0 million and \$3.8 million on a program inception-to-date basis and for the reporting period.

(c) "Other" includes costs of activities pending assignment to an individual workstream or determined as not directly associated with an individual workstream.

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ATTACHMENT 1

TABLE 1
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF PSEP CONSTRUCTION ACTIVITY
QUARTER ENDING JUNE 30 AND YEAR-TO-DATE 2013 vs. 2012

	Q2 2013	Q2 2012	YTD Q2 2013	YTD Q2 2012
Pipeline Replacement (miles)	14.1	3.4	18.9	3.4
Strength Testing (miles)	51.3	47.7	66.4	64.0
In-Line Inspection (ILI) (miles)	39.0	0	39	0
Pipeline Upgrades to Allow ILI (miles)	0	0	0	0
Valve Automation (valves)	11	4	19	24

In addition to the units completed as shown in the table above, in the current reporting period, PG&E has delivered tangible improvements to the safety of the gas transmission system, met key program milestones, and demonstrated material improvements in project success criteria, including:

- Replaced approximately 270 feet of pipeline to remediate two pipeline leaks and a rupture identified under high-pressure hydrostatic testing.
- Improved public, contractor and employee safety performance, including commencement of monthly construction contractor safety committees.
- Improved environmental compliance performance.
- Completed implementation of integrated risk management tools (High Consequence Area (HCA)⁸ determination tool).
- Completed first ILI project on pipeline upgraded by PSEP.
- Completed allocation of entire 2013 PSEP construction projects to construction contractor Alliance and existing PG&E General Construction.
- Identified, commenced and—in many instances—completed the implementation of lessons learned and improvement initiatives across construction-focused workstreams and processes designed to increase the capability to meet schedule and cost commitments (see Questions 6, 7 and 17 for more detail).

As of June 30, 2013, PSEP has 44 projects in construction and is scheduled to commence another 67 in the third quarter of 2013. PG&E is focused on executing project activities effectively and efficiently throughout PG&E's service area by:

⁸ HCAs are defined as areas with 20 or more occupied dwellings, public gathering places or structures difficult to evacuate, e.g., nursing homes, hospitals, day cares, etc. (Source: 49 CFR, Subpart O, Section 192.903.)

summary level reconciliation between the amounts adopted by the Commission in Decision 12-12-030 for anticipated work efforts and the incurred program costs. Table 2 provides a summary of the PSEP activities and actual costs for the period of April 1, 2011 to June 30, 2013 (see Question 20 for further detail).

TABLE 2
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF PSEP FILED VS. ACTUAL COSTS BY WORKSTREAM
REPORTING PERIOD APRIL 1, 2013 – JUNE 30, 2013
(IN MILLIONS OF DOLLARS)

	PG&E Filing Estimate	Authorized Program Expenses(a)	Actual Costs Program Inception-to-Date (4/1/11 – 6/30/13)(b)	Actual Costs Reporting Period (4/1/13 – 6/30/13)(b)
Pipeline Modernization				
Pipeline Replacement	839.1		370.6	84.1
Strength Testing	456.8		437.5	47.1
In-Line Inspections/Upgrades	39.9		36.3	8.1
Subtotal	1,335.8	1,002.0	844.4	139.4
Valve Automation	143.6	135.7	65.6	14.9
Pipeline Records Integration	286.0	0.0	296.3	18.7
Interim Safety Enhancement Measures	3.2	2.1	3.2	0.3
Program Management Office (PMO) and Other(c)	34.8	28.9	40.8	2.9
Risk-Based Contingency	380.5	0.0	-	-
Total	2,183.9	1,168.8	1,250.3	176.2

- (a) Decision 12-12-030 authorized amounts. PG&E's Update Application, to be filed later this year, will update these authorized amounts (based upon the results of completing its records collection and MAOP validation project) and provide supplemental segment-level detail supporting the project-level data provided in this report.
- (b) Includes Stanpac costs incurred of approximately \$10.0 million and \$3.8 million on a program inception-to-date basis and for the reporting period.
- (c) "Other" includes costs of activities pending assignment to an individual workstream or determined as not directly associated with an individual workstream.