

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)

**SAFETY AND ENFORCEMENT DIVISION MOTION FOR PG&E
TO REIMBURSE EXPENSES INCURRED THROUGH
THE COMMISSION'S ORDERS TO SHOW CAUSE**

Pursuant to Rule 11.1 of the Commission's Rules of Practice and Procedure, the California Public Utilities Commission Safety and Enforcement Division ("SED") requests that the Commission require PG&E to reimburse the State of California for the costs accrued by the Commission staff, staff attorneys, and by its consultants for all expenses accrued in the Orders to Show Cause ("OSC") in R.11-02-019, and for any other matters pertaining to, and for prosecution of these OSC's.

These OSC's would never have been necessary but for PG&E's malfeasance, including its excessive delay in informing the Commission that it had erroneous and inadequate information and an inaccurate pipeline features list on Line 147. PG&E's information, vital to MAOP validation and safety, failed to reflect the pipeline characteristics of 1929 vintage re-used A.O. Smith pipe in the ground in a populated area. In addition to the A.O Smith pipe that was unidentified before July 2013, PG&E varyingly identified the pipe as "seamless" and "DSAW". The pipe was neither seamless nor DSAW, but instead was an inferior type and strength of weld that was characteristic of pipes manufactured over 80 years ago. If PG&E had found, and promptly and accurately disclosed to the Commission errors in its pipeline features list, errors to

records supporting the pipeline features list, and information about all of the reused pipe in its system, then SED's party status in this OSC would not be necessary. Instead, PG&E has validated MAOP without complete and accurate records.

The Commission also required PG&E to reimburse the State for staff and consultant related expenses in I.11-02-016. As provided in I.11-02-016:

“The Commission also intends to establish promptly whether PG&E agrees to reimburse the state for the cost accrued by the Commission staff or by its consultants for its San Bruno investigation of recordkeeping and for any other matters pertaining to San Bruno, and for prosecution of the investigation. The Commission staff has devoted major resources to the investigation of the San Bruno rupture and expects to continue so doing, and has informed us that they will seek outside experts. The facts and circumstances presented to the Commission provide us no justification to conclude that taxpayers or that any entity other than PG&E should bear the costs of the investigation of San Bruno explosion and its causes, regardless of whether the investigation pertains to recordkeeping or to other possible issues. If PG&E disagrees, the company is directed to provide its support for a contrary view. PG&E shall file its position by March 11, 2011 and is directed to state its agreement or objection to pay for costs of the Commission staff investigation. If PG&E does not agree on March 11 to bear these costs, the Commission will set a prompt procedure to hear PG&E and interested parties to this proceeding, and to decide the matter quickly.¹

If the Commission directs PG&E to pay for investigation and prosecution costs, we also intend at an appropriate time to decide whether PG&E ratepayers or I.11-02-016 shareholders, or both, should bear the costs. The Commission places PG&E on notice that we have seen no facts or circumstances to date to convince us that it is appropriate to charge PG&E ratepayers for the cost of the San Bruno investigation or for the cost of prosecution that may follow.”²

¹I.11-02-016, Order Instituting Investigation, at 14-15.

²I.11-02-016, Order Instituting Investigation, at 14-15.

SED requests that the Commission require PG&E to provide an expedited response answering whether it agrees to reimburse all SED³ expenses incurred through these Orders to Show Cause. If PG&E does not agree to reimburse all such expenses, SED requests that the Commission require PG&E to explain why. As was the case with the San Bruno Recordkeeping investigation, PG&E's actions have not justified charging taxpayers, ratepayers, or any utility other than PG&E for the costs incurred in this investigation.

Respectfully submitted,

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³ The term "SED" refers only to expenses incurred by the advocacy arm of SED in these Orders to Show Cause.