

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

Application of Pacific Gas and Electric
Company to Update Pipeline Safety
Enhancement Plan

(U 39 G)

Application No. 13-10-017
(Filed October 29, 2013)

PACIFIC GAS AND ELECTRIC COMPANY'S REPLY TO PROTESTS

LISE H. JORDAN
KERRY C. KLEIN

Pacific Gas and Electric Company
77 Beale Street, B30A
San Francisco, CA 94105
Telephone: (415) 973-3251
Facsimile: (415) 973-5520
E-Mail: LHJ2@pge.com
KCK5@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: December 16, 2013

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I. INTRODUCTION

On October 29, 2013, Pacific Gas and Electric Company (PG&E) filed its Pipeline Safety Enhancement Plan (PSEP) Update Application 13-10-017, in compliance with Ordering Paragraph 11 of Decision (D.) 12-12-030. The application appeared on the Commission's Daily Calendar on November 6, 2013. Timely protests were filed on December 6, 2013 by the Commission's Office of Ratepayer Advocates (ORA), and The Utility Reform Network (TURN). This reply is timely filed pursuant to Commission Rule 2.6(e).

Both ORA and TURN were complimentary of the PSEP Update Application, but noted that it was voluminous and would require a procedural schedule that allows sufficient time to understand and analyze the Update. PG&E recognizes the detailed and voluminous nature of its filing and, as noted below, is amenable to working with the parties on a procedural schedule that allows all interested stakeholders adequate time to evaluate the PSEP Update Application. In addition, although PG&E continues to believe that the scope of the PSEP Update Application is consistent with D. 12-12-030, PG&E generally does not object to ORA's and TURN's suggested additions to the issues to be included in the Scoping Memo for this case, with two exceptions discussed further below.

II. SCHEDULE FOR THE PSEP UPDATE APPLICATION

Both ORA and TURN express some hesitation regarding whether PG&E's proposed schedule affords the parties adequate time to conduct discovery and prepare testimony. PG&E recognizes that the PSEP Update Application was accompanied by several volumes of work papers that were technical in nature, and is open to working with the parties to agree on a mutually acceptable schedule. In addition, both ORA and TURN suggest that the Commission's Safety and Enforcement Division (SED) play a role in analyzing PG&E's filing from a safety perspective. PG&E welcomes the SED's involvement in evaluating the Application.

III. SCOPE OF THE PROCEEDING

TURN proposes adding five issues for consideration in this proceeding.^{1/} PG&E does not oppose including the first three issues, or the fifth issue, in the Scoping Memo for this case. However, the fourth issue proposed by TURN (“[w]hether PG&E is seeking recovery for any costs that are the result of imprudent management of its operations”) may broaden the scope of this proceeding, and venture into issues already determined by the Commission in D.12-12-030. In D.12-12-030, TURN argued that all PSEP costs should be disallowed, under the theory that they “are the result of PG&E's imprudent operation of its natural gas transmission system.”^{2/} The Commission rejected TURN's request for a comprehensive disallowance.^{3/} Instead, the Commission in D.12-12-030 determined that certain specific categories of requested costs should be disallowed based upon findings of imprudent management. PG&E does not seek to re-litigate that issue and the Commission's findings in D.12-12-030 regarding which categories of costs should be disallowed due to imprudent management. Rather, PG&E simply updated

^{1/} TURN Protest, p. 5.

^{2/} D.12-12-030, p. 51.

^{3/} D.12-12-030, Conclusion of Law 8.

proposed revenue requirements by applying the factual and legal determinations made by the Commission to the updated data resulting from records search and MAOP validation work. Whether PG&E properly applied the Commission’s disallowance determinations to the new data may be an issue in the case; however, the Commission’s prudence determinations in D.12-12-030 should not be relitigated here.

ORA proposes adding four issues to the scope of this proceeding. PG&E does not object to the addition of the first three issues listed by ORA. The fourth proposed addition concerns Quality Control (QC) and Quality Assurance (QA).^{4/} While PG&E submitted testimony concerning QC and QA activities for MAOP Validation, and for updating the PSEP database and preparing the PSEP Update Application, ORA’s proposed issue relating to QC and QA is much broader, and would encompass whether “Phase 1 PSEP work is performed to the standards required for a safe gas transmission system.”^{5/} To the extent that ORA’s proposed

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^{4/} ORA Protest, p. 8.

^{5/} *Id.*

additional issue would include the work performed by PG&E in the field, that issues goes far beyond the scope of this proceeding, as envisioned by D.12-12-030.

Respectfully submitted,

By: /s/ Kerry C. Klein
KERRY C. KLEIN

LISE H. JORDAN
KERRY C. KLEIN
Pacific Gas and Electric Company
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San Francisco, CA 94105
Telephone: (415) 973-3251
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