

**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)

**REPLY BRIEF OF THE UTILITY REFORM NETWORK IN RESPONSE TO THE
'SUBSTANTIVE' ORDER TO SHOW CAUSE CONCERNING THE RELIABILITY OF
THE RECORDS OF PACIFIC GAS AND ELECTRIC COMPANY**



Lower bills. Livable planet.

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In accordance with the direction of Administrative Law Judge (“ALJ”) Bushey at the conclusion of the December 16, 2013 hearing on this matter,¹ The Utility Reform Network (“TURN”) submits this opening brief regarding the August 19, 2013 Order to Show Cause of the Assigned Commissioner and Assigned Administrative Law Judge to Pacific Gas and Electric Company (“PG&E”) (“Substantive OSC” or “OSC”).² Although the CPUC’s Office of Ratepayer Advocates (“ORA”) and the City of San Bruno have submitted thoughtful briefs that are worthy of the Commission’s full consideration (and that concur with TURN’s Opening Brief in many respects), TURN here focuses on responding to PG&E’s Opening Brief.

I. PG&E’S NARROW VIEW OF THE SCOPE OF THIS OSC CONFLICTS WITH THE BROAD DEFENSE OF ITS RECORDKEEPING OFFERED IN RESPONSE TO THE OSC RULING

PG&E claims that the only recordkeeping issue raised by the OSC was whether there were records errors *on the pressure restoration lines*.³ However, PG&E’s presentation at the September 6, 2013 OSC hearing thoroughly undermines this claim. Rather than limit its testimony to attempting to demonstrate that there were no consequential records errors on any of the pressure restoration lines, PG&E offered a broad-based defense of its *entire* MAOP Validation program *for all lines*, even going so far as to boast of having some of the “strongest records in the business.”⁴ The broad nature of PG&E’s testimony was understandable in light of the OSC Ruling, which spoke to concerns about the continuing inaccuracy of PG&E’s records

¹ Vol. 20, Reporter’s Transcript (“RT”), p. 3259.

² The full title of the August 19, 2013 Ruling is *Ruling of Assigned Commissioner and Assigned Administrative Law Judge Directing Pacific Gas and Electric Company to Appear and Show Cause Why All Commission Decisions Authorizing Increased Operating Pressure Should Not Be Stayed Pending Demonstration That Records Are Reliable*. This Order has been referred to as the “Substantive OSC” to distinguish it from another Order to Show Cause issued the same day relating to Rule 1.1 violations and that was the subject of Decision (D.) 13-12-053.

³ PG&E Opening Brief, pp. 1-2, 5-6.

⁴ 16B RT 2438 (Johnson/PG&E). TURN’s Opening Brief (at pages 4-5) summarizes PG&E’s September 6, 2013 testimony on record accuracy issues.

for its entire “natural gas transmission system” and did not focus on the accuracy of records for the pressure restoration lines.⁵

Having “opened the door” to an inquiry into the general quality of its MAOP Validation efforts and the resulting pipeline features list, PG&E should not be allowed now to claim that TURN and other parties strayed outside the scope of the case, when all that we did was respond to -- and refute -- PG&E’s own presentation.

II. PG&E’S OPENING BRIEF DOES NOT ADDRESS ANY OF THE SERIOUS ONGOING RECORDS CONCERNS THAT TURN HAS RAISED IN THIS PROCEEDING

PG&E only addresses records reliability issues in Section III of its opening brief and, in that section, only summarizes its August 30, 2013 Verified Statement and its September 6, 2013 testimony (collectively “Direct Testimony”). PG&E chose not to address any recordkeeping issues that TURN and other parties raised in cross-examination.

TURN’s Opening Brief thoroughly responded to PG&E’s Direct Testimony, demonstrating that: (1) PG&E discovered all of the Line 147 errors by happenstance, not as a result of PG&E quality control or quality assurance efforts; (2) PG&E’s own analysis shows that many more similarly consequential errors may be lurking undetected in PG&E’s pipeline features list; and (3) errors of the type that PG&E discovered undermine safety by allowing excessive operating pressures and preventing the correct targeting of risk mitigation efforts in Integrity Management and the Pipeline Safety Enhancement Program (“PSEP”). As PG&E’s brief did not go beyond restating its Direct Testimony, there is nothing more for TURN to respond to with respect to recordkeeping issues.

⁵ OSC Ruling, pp. 4-6.

III. PROCEDURAL AND SCOPE ISSUES ASIDE, THE COMMISSION NEEDS TO CONTINUE TO FOCUS ON PG&E'S RECORDKEEPING PROBLEMS

Regardless of how the Commission ultimately views the scope of this OSC, this record has shown that the Commission cannot rely on PG&E assurances that it has resolved its recordkeeping problems. One way or another, the Commission needs to put in place a process that will independently and transparently⁶ assess the quality of PG&E's records. Because of the importance of accurate records to setting safe operating pressures, to effective Integrity Management, and to properly targeted PSEP (and other pipeline integrity) efforts, this process needs to get going soon.

IV. CONCLUSION

For the reasons set forth above and in TURN's Opening Brief, the Commission should adopt the recommendations in TURN's Summary of Recommendations at the beginning of its Opening Brief.

Dated: January 31, 2014

Respectfully submitted,

By: _____/s/_____
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⁶ By "transparently", TURN means in a way that concerned parties and the public (not just the CPUC and PG&E) are apprised of what scrutiny the Commission is imposing.