

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

Order Instituting Rulemaking to Address Natural Gas  
Distribution Utility Cost and Revenue Issues  
Associated with Greenhouse Gas Emissions.

Rulemaking 14-03-003  
(Filed March 13, 2014)

**PREHEARING CONFERENCE REPLY STATEMENT OF  
ENVIRONMENTAL DEFENSE FUND**

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Dated: April 17, 2014

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In accordance with the “Order Instituting Rulemaking to Address Natural Gas Distribution Utility Cost and Revenue Issues Associated with Greenhouse Gas Emissions” (ALJ Ruling), dated March 19, 2014, the Environmental Defense Fund, Inc. (“EDF”)<sup>1</sup> respectfully submits its Prehearing Conference Reply Statement.

EDF supports the preliminary issues and schedule proposed in the California Public Service Commission’s (Commission) Order Instituting Rulemaking (OIR). A few of the parties proposed a Phased approach to the schedule. While EDF does not oppose a

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<sup>1</sup> EDF is a leading non-profit organization representing more than 320,000 members across the country, including over 55,000 in California. Since 1967, EDF has linked science, economics, law, and innovative private-sector partnerships to create breakthrough solutions to the most serious environmental problems. EDF has been active in California on environmental issues since the 1970s, and has participated in proceedings on energy-related topics at the Commission since 1976. EDF has interest and expertise in the role that market-based approaches can play in achieving positive environmental outcomes, an approach that is particularly salient in the field of energy regulation.

Phased approach to the proceeding, EDF wants to ensure that policy issues essential to reach the state's reduction goals for a number of climate change contributors be addressed with due diligence and speed.

In its Prehearing Conference Statement filed on April 10, 2014, EDF proposed that, Issue 4, "Uses of Revenues," be broadened to include additional uses of potential revenues, such as expanded operation and maintenance programs to curb methane emission leaks and clean energy programs. If the Commission institutes a Phased approach, EDF proposes that decisions as to use of revenue, in particular the use of funds to address methane leakage, are not pushed to the end of the proceeding, but addressed in a timely manner.

EDF respectfully requests the Commission expand the preliminary scope to address the use of revenues for the reduction of methane leaks on the natural gas distribution system as proposed in its Prehearing Conference Statement and carefully craft the schedule to allow diligent review of such policy issues.

Respectfully signed and submitted on April 17, 2014.

ENVIRONMENTAL DEFENSE FUND

/s/ Larissa Koehler

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