

From: Cherry, Brian K
Sent: 4/23/2014 11:54:47 AM
To: Randolph, Edward F. (edward.randolph@cpuc.ca.gov)
Cc:
Bcc:
Subject: Re: [Redacted] issue

Thanks Ed. Let me see what I can do

Brian K. Cherry
PG&E Company
VP, Regulatory Relations
77 Beale Street
San Francisco, CA. 94105
(415) 973-4977

On Apr 23, 2014, at 10:53 AM, "Randolph, Edward F." <edward.randolph@cpuc.ca.gov> wrote:

I want to give you a heads up that [Redacted] is raising concerns about their December gas bill after they failed to curtail their demand. It sounds like they worked hard to help reduce demand at peak times but they do not have the capability to curtail more than that.

I am sending to you the below note because it is not clear [Redacted] is getting the attention they need at PG&E to resolve their concerns and they are already talking about ADR with ALJs. If there is a way to resolve this outside of the PUC process that would be preferred.

I am not sending this two you asking that you agree with [Redacted] no matter what, but asking that you try to hear them out. I don't want to put my thumb on the scale, but I also don't want this to create heartburn for us down the road.

From [Redacted]:

[Re] was notified that there might be a natural gas curtailment of not core natural gas use as the weather turned cold this past December. PG&E staff shared the details of their plans in the event they needed to implement a curtailment. [Re] shared that we would be unable to operate the regional bus system without fuel. The failure to fuel would result in shutting down our service for the days subsequent to missing fueling.

When PG&E notified [Re] that they were implementing a curtailment on a Friday in December, we told PG&E staff we could not be able to stop fueling. We asked when would be the best time to fuel for PG&E. They shared the times that would work best and we limited fueling to the week end fleet for Friday and Saturday Fueling at the times suggested by PG&E staff. PG&E Staff expressed their appreciation for our staff attempting to mitigate our need to fuel.

As you know, [Re] is the public transit provider for the Sacramento region. We operate both light rail and bus service in the region. This service is particularly important to the elderly, youth and disabled as well as working commuters. Cutting service to our life line customers without notice would sever the connections they need to services. It seems fundamentally irresponsible to even consider.

In our discussions with PG&E staff, we were told, if we were core PG&E customers, we would not have been included in the curtailment. Clearly this calls into question the need for [Re] to curtail fueling. It also suggests that PG&E staff were attempting to push non-core customers into the more expensive core pricing for natural gas. For [Red] the annual price difference is roughly \$1,000,000.

The PUC was not noticed that PG&E was planning a non-core curtailment.

The reason for the inability for PG&E to deliver gas during the cold weather was the result of PG&E lowering their delivery pressure on older lines in the foothills as a result of their maintenance review subsequent to the San Bruno catastrophe. These lower pressures resulted in upstream customers like [Re] being asked to curtail usage. Had PG&E properly maintained their infrastructure, they could have maintained pressures and no curtailment would have been needed.

PG&E operates under agreements managed and governed by the PUC to insure that the public's interest are met. Clearly in this case PG&E has not managed in the public's interest. This is in fact a form of extortion (\$35,000/occurrence or \$1,000,000 annually) to avoid curtailment notices.

At no time did PG&E staff express concerns that they would be unable to deliver natural gas.

Please contact me to discuss this matter further.

Edward Randolph | Director, Energy Division
California Public Utilities Commission

505 Van Ness Avenue, Room 4004
San Francisco, CA, 94102
415-703-2083 | edward.randolph@cpuc.ca.gov