

PGE's Additional Informal Comments on the SED Preliminary Risk and Asset Management Assessment Report

Optimization and elimination of duplicative risk control measures occurs at three distinct points in the integrated planning process:

- First, while Asset Family Owners are developing and evaluating risk control measures (described by PG&E as risk mitigation programs) that are later documented in the Asset Management Plans (TURN01-Q01, Attachments 6 – 11)
- Second, during the work portfolio development process that spans Session 1 and Session 2 (TURN001-Q01, Attachments 26 and 27) that is documented in TURN01-Q01, Attachment 14 and in the 248 scoring sheets provided to SED
- Third, through the Network Investment Planning process that views the system holistically, approaching each safety and growth project an integrated basis (Testimony, page 10-12, line 24 through page 10-16, line 12)

I. Developing Risk Control Measures

During the risk control measures development phase, Asset Family Owners evaluate their mitigation programs to identify work that can be eliminated and may identify possible efficiencies in executing the ensuing work PG&E provides a whitepaper in testimony (See “Work Papers Supporting Chapter 6 Asset Family – Facilities”. Supporting Documentation “M & C Station Rebuild White Paper” on pages WP 6-185 through -197) explaining this concept as applied to station rebuilds.

Unlike station rebuilds, in many cases, little optimization opportunity exists. For example, while replacing vintage pipe at a rate of 20 miles a year does “reset” the clock for the risk of internal or external corrosion on those replaced pipe segments, corrosion control required by code must still be performed. Likewise, as discussed during the July 30th Workshop, while strength testing does address the threat of manufacturing defects in pipe, it has no measurable ability to address the threat of certain vintage construction methods interacting with land movement.

II. Developing the Work Portfolio

Additional evaluation of synergies between programs (scope and pace) continues through Session 1 and 2. This is most visible on page 3 of Attachment 14 to TURN001-Q01 where the bottom line is \$579 million of “Aggregate Risk, Execution and Optimization Revisions”. For PG&E's largest program in the GT&S forecast, the forecast was revised downward by \$170 million of capital and almost \$40 million in expense. The vintage pipe scoring sheets (provided as one of the examples in TURN 001-Q01, Attachment 15) demonstrate that when mitigations were initially developed, there was some overlap with the ILI and hydrotest programs, “Scope of program reduced to 20 miles/year to focus exclusively on Construction threats subjected to WROF (weather and outside related forces), manufacturing threats to be addressed the ILI and hydrotest programs”. PG&E evaluated its programs during its various portfolio revision meetings (documented in attachments 18 through 25 of TURN01-Q01) in three areas that result in mostly reductions to program and project scope and pace:

- System and resource constraints
- Opportunities to eliminate redundancies, and
- Optimizing the effectiveness of the chosen risk control measures.

A finer point in this process is optimizing the use of resources once the program portfolio is developed and approved, during the work scheduling and execution phase. PG&E seeks opportunities to reduce

required resources wherever possible so that as many projects as possible for funded programs can be executed. This effort is referred to as “work bundling”.

III. Network Investment Planning

Unlike “work bundling” which is short-term, in the year optimization, Network Investment Planning takes a long-term, 10-year view of work optimization. PG&E has 12 major local transmission systems that can be modeled as individual systems and as a whole, integrated system. Modeling the system in this way, a past practice at PG&E, will reduce unintended duplicative efforts and reduce outage scheduling volatility which in turn improves resource utilization. The ultimate goal of this program is to: 1) improve system safety by reducing overpressure events, 2) reduce the amount of linear pipe installations, and 3) improve system reliability, through evaluating and acting on the long-term implications of changes in the short-term to the gas transmission system.