

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

Application of Pacific Gas and Electric
Company Proposing Cost of Service and Rates
for Gas Transmission and Storage Services for
the Period 2015-2017.

(U 39 G)

Application 13-12-012
(Filed December 19, 2013)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 G) RESPONSE TO
MOTION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)
AND SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M)
TO TRANSFER CONSIDERATION OF PROPER APPLICATION
OF 49 CFR 192.3 TO RULEMAKING 11-02-019**

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Dated: August 5, 2014

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The July 21, 2014, Joint Motion of Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) to transfer consideration of Pacific Gas and Electric Company's (PG&E's) definition of transmission lines from PG&E's 2015 Gas Transmission and Storage (GT&S) Rate Case to the Commission's Gas Safety Rulemaking (R.11-02-019), seeks a remedy for a non-existent problem in a procedurally inappropriate forum. PG&E is not requesting that the Commission apply PG&E's definition to other gas operators in California.

Furthermore, PG&E does not oppose a ruling in this proceeding limiting PG&E's interpretation of transmission lines to PG&E. In fact, PG&E agrees that it would be inappropriate for the Commission to establish a broadly applicable rule in a single utility's rate case. In order for the Commission to apply a ruling state-wide, it must provide notice to all affected parties, and allow those parties to be heard on the issue. That notice has not been made in this case. Thus, SoCalGas' and SDG&E's motion to transfer should be denied.

PG&E also does not oppose SoCalGas' and SDG&E's suggestion that this code interpretation be addressed in the Gas Safety OIR. PG&E will so indicate in response to SoCalGas' and SDG&E's motion in that proceeding.

I. PG&E IS NOT REQUESTING STATE-WIDE APPROVAL IN THIS GT&S RATE CASE, NOR HAS THE CPUC NOTIFIED GAS OPERATORS OF POTENTIAL STATE-WIDE APPLICATION OF PG&E'S INTERPRETATION

PG&E is seeking approval in this rate case of its forecast of expenses and capital expenditures associated with designing, constructing, operating, and maintaining its gas transmission pipelines. It is not seeking a state-wide ruling on the appropriate definition of transmission lines, as set forth in the Code of Federal Regulations and General Order 112-E. PG&E is also not seeking a ruling in this case that would apply to other gas operators in California. In order for a ruling to be applied state-wide, the Commission must provide adequate notice to all affected parties, and an opportunity for all parties to be heard on the issue.^{1/} That notice has not been provided in this case. Consequently, SoCal Gas and SDG&E cannot be held to the specific rulings made in this proceeding. Their motion to transfer is not necessary, and should be denied.

II. PG&E'S REVISED DEFINITION OF TRANSMISSION LINES IN ITS 2015 GT&S RATE CASE IS IN RESPONSE TO RECENT GUIDANCE FROM THE DEPARTMENT OF TRANSPORTATION'S PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

PG&E's revision of the definition of transmission pipe more closely aligns PG&E's definition with recent guidance from the Department of Transportation's (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA)^{2/} and puts the focus on the function of the pipeline rather than operating pressures. Accordingly, the re-classification from "distribution" to "transmission" lines for the approximately 920 miles of pipe discussed in Chapter 4 of PG&E's testimony does not impact or result in a change in operating pressure. The benefits of adopting the change in definition include 1) more closely aligning PG&E's definition with recent guidance from DOT's PHMSA on the location of a distribution center^{3/}; (2) enhanced public

1/ Public Utilities Code Sections 1701.1 – 1701.4.

2/ See March 22, 2010 letter from John Gale, Director, PHMSA Office of Regulations, to Joe Johnson, Acting Bureau Chief, New Mexico Public Regulation Commission, available at www.phmsa.dot.gov.

3/ A "distribution center" is the point at which a transmission line changes function to a distribution line. It occurs at the furthest downstream component of a meter or regulator station transporting

safety due to increased leak survey and patrolling requirements and increased integrity assessments; and 3) consistency in designating facilities as either transmission or distribution.^{4/}

To the extent that SoCalGas and SDG&E would like to treat their pipelines similarly or differently, they can seek such treatment in their next rate case.

III. CONCLUSION

For the foregoing reasons, the Commission should deny SoCal Gas' and SDG&E's Motion to Transfer.

Respectfully Submitted,

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natural gas into a main primarily serving non-large volume customers who purchase gas for consumption (as opposed to purchasing for resale).

4/ PG&E is not responding here to all of SoCal Gas' and SDG&E's statements regarding their interpretation of the code definition of transmission lines. PG&E anticipates providing its position on the issue in the Gas Safety OIR if and when it is addressed in that proceeding. By not responding to those statements here, PG&E is not waiving its right to respond to SoCal Gas' and SDG&E's allegations to the extent they are contrary to PG&E's view, and preserves the right to respond once the Commission determines the appropriate forum to address this issue.