Docket: : A.13-12-012
Exhibit Number : ORA-04A
Commissioner : C. Peterman
ALJ : J. Wong
Witness : K.C. Lee



OFFICE OF RATEPAYER ADVOCATES CALIFORNIA PUBLIC UTILITIES COMMISSION

Report on the Results of Operations for Pacific Gas and Electric Company Test Year 2015 Gas Transmission and Storage Rate Case

Chapter 4A
Transmission Pipe Integrity and Emergency Response
Programs:
Valve Automation
And
Inoperable and Hard-to-Operate Valves

San Francisco, California August 11, 2014

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1 2 3	TRANSMISSION PIPE INTEGRITY AND EMERGENCY RESPONSE PROGRAMS: VALVE AUTOMATION AND
4 5	INOPERABLE AND HARD-TO-OPERATE VALVES
6	I. INTRODUCTION
7	This exhibit presents the analyses and recommendations of the Office of
8	Ratepayer Advocates (ORA) regarding Pacific Gas and Electric Company's (PG&E)
9	and Valve Automation proposals ¹ and Inoperable and Hard-to-Operate Valves
10	proposals ² within the Transmission Pipe Integrity and Emergency Response
11	Program area associated with its Test Year (TY) 2015 Gas Transmission and
12	Storage (GT&S) rate case. Specifically, this exhibit addresses PG&E's forecasts of
13	the Valve Automation area and the Inoperable and Hard-to-Operate Valves area
14	capital expenditures for 2015.
15	II. SUMMARY OF RECOMMENDATIONS
16	ORA's recommendation along with PG&E's proposal on Valve Automation
17	and Inoperable and Hard-to-Operate Valves are shown in Table 4A-1 and 4A-2,
18	respectively.
19	For TY2015, ORA does not recommend any adjustment to PG&E's proposed
20	expenditures in:
21	□ Valve Automation in the Transmission Pipe Integrity and Emergency
22	Response Programs. PG&E proposes capital expenditures of \$52.502
23	million.
24	For TY2015, ORA recommends that the California Public Utilities Commission
25	(Commission):
	¹ PG&E Prepared Testimony, Volume 1, Chapter 4A (Barnes), pp. 4A-67 to 4A-75. PG&E Prepared Testimony, Volume 1, Chapter 4A (Barnes), pp. 4A-77 to 4A-82.

1	Adopt ORA's recommended capital expenditures of \$4.029 million for the
2	Inoperable and Hard-to-Operate Valves program instead of PG&E's
3	proposed \$7.067 million because the valves PG&E considers being on the
4	verge of becoming inoperable should be repaired under routine
5	maintenance, and funding for these valves should not be included in this
6	program.

Table 4A-1
Transmission Pipe Integrity and Emergency Response Program Capital Expenditures for 2015
Valve Automation
(In Thousands of Dollars)

Description
(a)

ORA
Recommended
(b)

Proposed
(c)

Page Amount
PG&E >DRA
(d=c-b)

Valve Automation

S52,502

\$52,502

\$0

Table 4A-2
Inoperable and Hard-to-Operate Valves Capital Expenditures for 2013-2015
(In Thousands of Dollars)

Description	ORA Recommended			PG&E Proposed ⁴		
	2013	2014	2015	2013	2014	2015
Inoperable and Hard-to-Operate Valves	\$(681)	\$3,703	\$4,029	\$(681)	\$3,703	\$7,067

III. GENERAL OVERVIEW

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This exhibit presents the results of ORA's review of PG&E's proposed capital expenditures to automate valves and replace inoperable and hard-to-operate valves.

³ PG&E Prepared Testimony, Volume 1 (Barnes), p. 4A-69, Table 4A-22.

⁴ PG&E Prepared Testimony, Volume 1 (Barnes), p. 4A-81, Table 4A-28.

IV. DISCUSSION / ANALYSIS OF VALVE AUTOMATION

ORA does not recommend any adjustment in PG&E's proposed expenditures in valve automation.

Table 4A-3 summarizes PG&E's request and ORA's recommendation on capital expenditures for Valve Automation.

Table 4A-3
Transmission Pipe Integrity and Emergency Response Program Capital Expenditures for 2015
Valve Automation
(In Thousands of Dollars)

Description (a)	ORA Recommended (b)	PG&E 5 Proposed (c)	Amount PG&E>DRA (d=c-b)	
Valve Automation	\$52,502	\$52,502	\$0	

V. DISCUSSION / ANALYSIS OF INOPERABLE AND HARD-TO-OPERATE VALVES

This section discusses the PG&E's proposed capital expenditures to replace inoperable and hard-to-operate valves.

Table 4A-4 summarizes PG&E's request and ORA's recommendation on capital expenditures for Inoperable and Hard-to-Operate Valves.

 $^{^{\}underline{5}}$ PG&E Prepared Testimony, Volume 1 (Barnes), p. 4A-69, Table 4A-22.

Table 4A-4 Transmission Pipe Integrity and Emergency Response Program Capital Expenditures for 2013-2015 Inoperable and Hard-to-Operate Valves

rable and mara-to-operate varves

(In Thousands of Dollars)

Description	ORA Recommended			PG&E Proposed ⁶		
	2013	2014	2015	2013	2014	2015
Inoperable and Hard-to-Operate Valves	\$(681)	\$3,703	\$4,029	\$(681)	\$3,703	\$7,067

PG&E plans to "proactively" repair or replace valves PG&E considered being on the verge of becoming inoperable, in addition to the replacement of the inoperable and hard-to-operate valves as required by state and federal regulations. PG&E's forecast jumps from a negative capital expenditure requirement in 2013 to \$3.7 million in 2014 and \$7.1 million in 2015 because of the inclusion of valves that do not require immediate replacement. PG&E has not provided any justification for not repairing or replacing valves being on the verge of becoming inoperable under routine maintenance programs. Valves that are on the verge of becoming inoperable should have been repaired under normal routine maintenance. They should not be slated for immediate replacement in this program. ORA recommends that those valves PG&E considers being on the verge of becoming inoperable should be repaired under routine maintenance, and these valves should not be included in this program.

PG&E states that the annual rate of valves becoming inoperable or hard-to-operate is approximately 0.3 percent. PG&E has not indicated any operational issues by only replacing these valves as needed. PG&E provided ORA with the five-year historical of actual recorded capital expenditures from 2009 to 2013 through discovery. These data are tabulated in Table 4A-5 below. The average of the five-year data is \$4.029 million. For the current GT&S rate case period, ORA

⁶ PG&E Prepared Testimony, Volume 1 (Barnes), p. 4A-81, Table 4A-28.

⁷ PG&E Prepared Testimony, Volume 1 (Barnes), p. 4A-78, line 31 to p. 4A-79, lines 1-2.

- 1 recommends using this \$4.029 million as the test year capital expenditures for
- 2 Inoperable and Hard-to-Operate valves as shown in Tables 4A-2 and 4A-4.

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Table 4A-5 2008-2013 Recorded Data for Inoperable and Hard-to-Operate Valves (in Thousands of Dollars)

Description	2009	2010	2011	2012	2013
Inoperable and Hard-to-Operate	\$1,345	\$2,743	\$1,383	\$4,842	\$9,830
Valves					

Source: 2009 and 2010 data from PG&E Response to ORA-DR-011, Q3. 2011 and 2012 data from PG&E Prepared Testimony, Table 4A-28, page 4A-81. 2013 data from PG&E Response to ORA-DR-033, Q4.