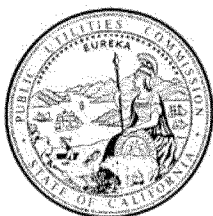


Docket:	:	<u>A.13-12-012</u>
Exhibit Number	:	<u>ORA-04A</u>
Commissioner	:	<u>C. Peterman</u>
ALJ	:	<u>J. Wong</u>
Witness	:	<u>K.C. Lee</u>



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 **IV. DISCUSSION / ANALYSIS OF VALVE AUTOMATION**

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

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

6 **Table 4A-3**
7 **Transmission Pipe Integrity and Emergency Response Program Capital Expenditures for**
8 **2015**
9 **Valve Automation**
10 **(In Thousands of Dollars)**

11

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

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

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

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

18

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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
(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.⁷ 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.

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

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

6 Source: 2009 and 2010 data from PG&E Response to ORA-DR-011, Q3. 2011 and 2012 data from
7 PG&E Prepared Testimony, Table 4A-28, page 4A-81. 2013 data from PG&E Response to ORA-DR-
8 033, Q4.