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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Adopt New Safety and Reliability Regulations for Natural Gas Transmission and Distribution Pipelines and Related Ratemaking Mechanisms.	Rulemaking 11-02-019 (Filed February 24, 2011)

COMMENTS OF THE UTILITY REFORM NETWORK ON THE ALTERNATE PROPOSED DECISION OF COMMISSIONER FERRON IMPOSING SANCTIONS FOR VIOLATION OF RULE 1.1 OF THE COMMISSION'S RULES OF PRACTICE AND PROCEDURE

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I. INTRODUCTION

In accordance with Rule 14.3 of the Commission's Rules of Practice and Procedure ("Rule" or "Rules"), The Utility Reform Network ("TURN") submits these comments on the Alternate Proposed Decision of Commissioner Mark J. Ferron Imposing Sanctions on Pacific Gas and Electric Company ("PG&E") for violations of Rule 1.1 ("Ferron APD"). TURN fully supports the Ferron APD. However, TURN requests that one potentially misleading phrase in the Ferron APD be removed or clarified.

II. TURN FULLY SUPPORTS THE FERRON ALTERNATE PD

The Ferron APD correctly finds that PG&E violated Rule 1.1 by: (1) delaying in correcting the evidentiary record regarding the pipeline features and maximum allowable operating pressure ("MAOP") for Line 147; and (2) finally presenting these errors in a document that was misleadingly and inappropriately titled "Errata" and that failed to explain when or how PG&E discovered the errors. These conclusions closely track the analysis in TURN's opening brief on this matter and are well supported both factually and legally. TURN will not repeat its arguments on these issues but will rather refer the Commission to its briefs.[1]

In addition, in contrast to the Proposed Decision, the APD presents a well-supported analysis and computation of the number of violations for PG&E's over nine-month delay in submitting an appropriate pleading correcting the evidentiary record and explaining when and how PG&E discovered the errors.[2] Thus, TURN supports the Ferron APD as imposing the correct and legally supported sanctions for PG&E's egregious violations of Rule 1.1.

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[1] TURN Opening Brief on Rule 1.1 Violations, Sept. 26, 2013; TURN Reply Brief, Oct. 1, 2013.
[2] On pages 3-4 of its Comments on ALJ Bushey's PD, TURN explains why the Ferron APD correctly determines the period of violations for PG&E's lengthy delay in correcting the record.

In summary, PG&E blatantly misled the Commission when it failed to timely disclose an embarrassing and material error in the documentation it had previously supplied to the Commission regarding the safe operating pressure for Line 147 – an error that caused the Commission to approve an excessive operating pressure for that line. The Ferron APD correctly applies maximum fines for PG&E's egregious violations of Commission Rule 1.1.

III. THE UNNECESSARY STATEMENT REGARDING CURRENT MANAGEMENT'S LACK OF RESPONSIBILITY FOR DECISIONS MADE FIFTY OR MORE YEARS AGO SHOULD BE REMOVED OR CLARIFIED

Page 10 of the Ferron APD contains the following sentence that is unnecessary to the decision in this matter: "*Obviously, the current management of PG&E is not responsible for the decisions made 50 or more years ago concerning what kind of pipe went in the ground*, but, today, the current management of PG&E own this pipeline integrity problem and they have individual and collective responsibility to fix it."

While this sentence as a whole appropriately recognizes PG&E management's ongoing responsibility for ensuring pipeline integrity, TURN is concerned that, if left unchanged, PG&E would attempt to exploit the italicized language as a basis to exonerate it from liability for violations in the pending pipeline safety enforcement proceedings, including I.12-01-007 (San Bruno explosion) and I.11-02-016 (PG&E recordkeeping). Rather than unnecessarily invite such arguments about the meaning of the sentence, TURN recommends that the sentence be revised to avoid any language that could be seen as addressing issues in those cases.

Accordingly, TURN recommends that the sentence be revised along the lines of the following: "PG&E's management is fully responsible for any pipeline integrity problems in its current system."

IV. CONCLUSION

For the reasons set forth above and in TURN's previous briefs and comments on these issues, the Commission should adopt the Ferron APD, with the change to page 10 discussed above.

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Respectfully submitted,

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