

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION G-3411
December 6, 2007**

R E S O L U T I O N

Resolution G-3411. Pacific Gas and Electric Company (PG&E). This resolution approves PG&E's Advice Letter 2831-G seeking authority under Public Utilities Code Section 851 to sell to Vintage Production California, LLC, (Vintage Production) a segment of operating gas gathering pipeline with associated appurtenances, and the assignment of associated easement agreements.

By Advice Letter 2831-G. Filed on May 4, 2007.

SUMMARY

This Resolution approves PG&E's Advice Letter 2831-G seeking authority under Public Utilities (PU) Code Section 851 to sell to Vintage Production a segment of PG&E's operating gas gathering pipeline with associated appurtenances, and the assignment of associated easement agreements. Advice Letter 2831-G was processed pursuant to Resolution ALJ-202. This Resolution is effective immediately.

BACKGROUND

Utilities proposing to sell, lease, dispose of, or otherwise encumber property must comply with PU Code Section 851. Ordinarily, such a proposal would entail a full Application to the Commission, including a review pursuant to CEQA or a demonstration that such a review is not necessary. The Commission on August 25, 2005, initiated a 24-month pilot program per Resolution ALJ-186 that provides for an expedited process for certain transactions meeting criteria specified in the Resolution. On August 23, 2007, the Commission approved Resolution ALJ-202, which extends the pilot program an additional 36 months. Resolution ALJ-202 provides for an expedited process for certain transactions meeting criteria specified in the ALJ Resolution. For proposals that meet the requirements, an Advice Letter may be filed demonstrating the applicability of

the pilot program to the utility's proposal and requesting an expedited review of the Advice Letter, resulting in a Resolution confirming that the proposal meets the requirements of Resolution ALJ-202 and granting approval to the proposed project.

On May 4, 2007, PG&E filed Advice Letter 2831-G pursuant to ALJ-202 requesting authority to sell to Vintage Production a segment of PG&E's operating gas gathering pipeline with associated appurtenances, and the assignment of associated easement agreements. Protests or comments were due to the Commission on June 4, 2007. No protests or comments were filed.

The operating gas pipeline segment PG&E proposes to sell varies from 2 to 6 inches in diameter and is approximately 13,519 feet long. It is located west of Highway 45 at 14North, 01East within sections 20, 28, 29, and 32 Mount Diablo base and Meridian, Colusa County, California. The pipeline condition is considered poor and obsolete due to its age and lack of operational value to PG&E. Replacement or retirement would be costly. PG&E will also assign 13 easements to Vintage Production as part of the transaction.

There will be no change in the use of facilities. The pipeline section is currently in operation transporting Vintage Production's gas well production, and does not impact any other PG&E customers. Upon completion of the sale, Vintage Production plans to operate the gas gathering pipeline segment and its associated appurtenances as a private pipeline. However, Vintage Production agrees that upon request, it will make any capacity in excess of its requirements available to third party producers of natural gas in the area served by the subject pipeline segment for the transport of natural gas. No other PG&E customer is currently being served or will be impacted. The sale of the pipeline and appurtenances will benefit PG&E's ratepayers because it will alleviate the need for pipeline maintenance and future repair.

The original cost of the pipeline was \$1,066,351.00. The pipeline and appurtenances are fully depreciated and the present net book value is \$155,256. The present fair market value for the pipeline was determined through a bidding process conducted using a standard auction process. At the conclusion of the bidding process PG&E accepted Vintage Production California, LLC's bid of \$30,778.50 for the pipeline and appurtenances.

PG&E submits that the proposed transaction is not subject to review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3), which reads as follows: “[t]he activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.”

NOTICE

Notice of Advice Letter 2831-G was made by publication in the Commission’s Daily Calendar.

PROTESTS

No protests or comments to Advice Letter 2831-G were filed.

DISCUSSION

The Energy Division has reviewed PG&E’s Advice Letter 2831-G and finds that it satisfies the criteria for inclusion in the pilot program specified in Resolution ALJ-202. Additionally, AL 2831-G satisfies the filing requirements specified in Resolution ALJ-202.

The Energy Division has reviewed the PG&E’s proposal to sell the pipeline and associated appurtenances and finds with certainty, that there is no possibility that the proposed transaction will have a significant effect on the environment. Pursuant to CEQA Guidelines Section 15061(b)(3); as such, the Energy Division finds that the proposed transaction is exempt from CEQA review.

The Energy Division finds that expedited treatment pursuant to Resolution ALJ-202 is appropriate for AL 2831-G and that no reason to deny the approval of Advice Letter 2831-G exists pursuant to Resolution ALJ-202.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. No comments were received. Accordingly, pursuant to PU Code 311(g)(2), and

Rule 14.6 (c) (2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. On May 4, 2007, Pacific Gas & Electric Company filed Advice Letter 2831-G seeking authority under Public Utilities Code Section 851 to sell to Vintage Production, a segment of PG&E's operating gas gathering pipeline with associated appurtenances, and the assignment of associated easement agreements.
2. PG&E filed AL 31 pursuant to a pilot program specified in Resolution ALJ-202.
3. No protests or comments were received by the Commission.
4. The operating gas pipeline segment PG&E proposes to sell varies from 2 to 6 inches in diameter and is approximately 13,519 feet long. It is located west of Highway 45 at 14North, 01East within sections 20, 28, 29, and 32 Mount Diablo base and Meridian, Colusa County, California.
5. The pipeline section is currently in operation transporting Vintage Production's gas well production, and does not impact any other PG&E customers. Upon completion of the sale, Vintage Production plans to operate the gas gathering pipeline segment and its associated appurtenances as a private pipeline.
6. No other customer of PG&E is currently being served or will be impacted by the transaction. The sale of the pipeline and appurtenances will benefit PG&E's ratepayers because it will alleviate the need for pipeline maintenance and future repair.
7. PG&E submits that the proposed transaction is not subject to review under the California Environmental Quality Act (CEQA) under Guidelines Section 15061(b)(3) "[t]he activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA."
8. The Commission is acting as a lead agency pursuant to CEQA Guidelines Section 15367.
9. The Energy Division has reviewed PG&E's Advice Letter 2831-G and finds that it satisfies the criteria for treatment under Resolution ALJ-202.

10. PG&E's Advice Letter 2831-G satisfies the filing requirements specified in Resolution ALJ-202 and includes all of the information necessary to provide a satisfactory review of PG&E's proposed sale.
11. The Energy Division finds that expedited treatment pursuant to ALJ-202 is appropriate for AL 2831-G and that no reason to deny the approval of Advice Letter 2831-G exists.
12. The Commission has reviewed and concurs with PG&E that the proposed transaction is exempt from review under the California Environmental Quality Act (CEQA) under Guidelines Section 15061(b)(3). The Commission finds that it can be seen with certainty that there is no possibility that the activity in question will have a significant effect on the environment.
13. This is an uncontested matter in which the resolution grants the relief requested.

THEREFORE IT IS ORDERED THAT:

1. The request of PG&E to sell a segment of operating gas gathering pipeline with associated appurtenances, and the assignment of associated easement agreements to Vintage Production California, LLC, is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 6, 2007; the following Commissioners voting favorably thereon:

/s/ Paul Clanon
Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON

Resolution G-3411
Pacific Gas & Electric AL-2831-G/JMU

December 6, 2007

Commissioners