BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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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)

REPLY COMMENTS OF THE UTILITY REFORM NETWORK

ON THE INDEPENDENT REVIEW PANEL REPORT

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July 29, 2011

REPLY COMMENTS OF THE UTILITY REFORM NETWORK ON THE INDEPENDENT REVIEW PANEL REPORT

Pursuant to the schedule set in the June 16, 2011 "Scoping Memo and Ruling of the Assigned Commissioner," the Utility Reform Network (TURN) submits these reply comments on the June 8, 2011 Report of the Independent Review Panel ("IRP Report").

In these reply comments TURN wishes to highlight just one issue – the recommendation by the Plumbers, Pipe Fitters and Steamfitters Local Unions Nos. 246 and 342 ("Pipeline Locals") for a delay in the procedural schedule adopted for the review of the utilities' Implementation Plans, including an extension of evidentiary hearings to fifteen days. The Pipeline Locals point to various factual inaccuracies, including misclassification of pipelines, and to the need for accountability as expressed in the IRP Report, as support for this recommendation.

While some of the arguments of the Pipeline Locals address facts and issues beyond those in the IRP Report, TURN does agree that many of the findings and recommendations in the IRP Report highlight the need for this Commission to adequately and comprehensively review the Implementation Plans, which were ordered in D.11-06-017.

The utilities, with oversight by this Commission, have the difficult job of addressing serious safety concerns expeditiously, while at the same time ensuring that the proposed work is subjected to adequate scrutiny to avoid some

of the problems that have apparently plagued pipeline integrity management and safety projects over the past decade. TURN applauds PG&E for moving forward with the testing and replacement of the 152 miles of pipeline that the company has identified as high risk segments. And while the presentations at the workshops held on June 22nd and 23rd give us reason for cautious optimism, we also believe that there may be serious technical issues concerning some of the criteria used to determine the need for immediate pipeline replacement and the methodologies used for determining the need for valve placements. As noted by the Pipeline Locals, there have also been factual issues raised concerning the accuracy of classification of pipelines within high consequence areas.

As noted by both the Pipeline Locals as well as the Utility Workers Union of America ("UWUA"), the IRP Report highlighted the need for transparency and accountability. Furthermore, the IRP Report concluded that PG&E's proposed Pipeline 2020 program "lacks sufficient analysis" to address these problems. Consistent with these findings, the Pipeline Locals express concerns that the schedule adopted for the review of the utilities' expected "Implementation Plans" may be insufficient for the careful analysis and transparency that is required to ensure safe operations.

TURN agrees that it is important to get the next step right. While time is of the essence, we believe that it may well turn out that another four to six weeks of

review at this stage will result in a better long term outcome.[1] We cannot conclude at this moment whether the present schedule is sufficient or whether a slightly longer schedule, such as proposed by the Pipeline Locals, is more appropriate. We will not be able to make this determination for sure until after the filing of the implementation plans.

Thus, TURN recommends at this time that the Commission either go ahead and adopt a slightly longer schedule right now for review of the Implementation Plans, or at the minimum schedule a prehearing conference in the middle of September to determine whether a short extension of the procedural schedule is warranted.

July 29, 2011

Respectfully submitted,

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[1] The Schedule adopted by the Assigned Commissioner in the June 16, 2011 Scoping Ruling sets October 17 as the deadline for testimonies on the plans, and sets hearings for November 7-10. The Pipeline Locals suggest delaying the filing of plans until September 16, suggest comments on the NTSB Report in September-October, and hearings November 28-December 16th. TURN does not necessarily support extending the filing date for the implementation plans. We believe that consideration of available NTSB information should form part of the review of utility plans. For this reason, we recommend that any delay in the procedural schedule should be in the review of the proposed plans, subject to technical information presently available.