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PRESS RELEASE

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CPUC APPROVES SETTLEMENT IN PG&E GAS TRANSMISSION AND STORAGE CASE AND CALLS FOR SEMI-ANNUAL SAFETY REPORT

SAN FRANCISCO, April 14, 2011 – The California Public Utilities Commission (CPUC) today approved a settlement agreement between Pacific Gas and Electric Company (PG&E) and parties including The Utility Reform Network (TURN) and the CPUC’s Division of Ratepayer Advocates that resolves PG&E’s revenue requirement and rates for its gas transmission and gas storage operations over a four year period. The agreement also requires PG&E to provide a semi-annual Gas Transmission and Storage Safety Report.

Under the adopted Gas Accord V Settlement, PG&E’s overall revenue requirement increases as follows over the 2010 revenue requirement of \$461.8 million: 2011: \$514.2 million; 2012: \$541.4 million; 2013: \$565.1 million; and 2014: \$581.8 million. PG&E had originally requested in its application revenue requirements of \$529.1 million for 2011; \$561.5 million for 2012; \$592.2 million for 2013; and \$614.8 million for 2014. Under the settlement, a typical PG&E residential natural gas customer who uses 37 therms per month would experience a 0.7 percent increase in their monthly gas bill - from approximately \$51.60 per month to \$51.96 per month.

“The initial focus of this proceeding was to address PG&E’s revenue requirements, cost allocation, and rates associated with its gas transmission and gas storage facilities,” said Commissioner Timothy Alan Simon, the Commissioner assigned to this proceeding and the Chair of the Committee on Gas for the National Association of Regulatory Utility Commissioners. “However, following the September 9, 2010, San Bruno pipeline rupture, I added a separate safety phase to this proceeding. As a result, today’s decision requires PG&E to provide a semi-annual Gas Transmission and Storage Safety Report in order to ensure the safety and reliability of PG&E’s gas transmission and storage system.”

The Gas Transmission and Storage Safety Report will allow CPUC staff to track PG&E's capital expenditure projects and operations and maintenance activities associated with PG&E's gas transmission pipelines and gas storage services over the four year rate cycle period. The Safety Report will also allow staff to monitor PG&E's compliance with federal pipeline requirements (U.S. Department of Transportation's Office of Pipeline Safety's Pipeline Integrity Management Program), which requires a gas transmission operator to assess and to manage the integrity of all of its gas transmission pipelines located in a high consequence area.

"The Safety Report will allow the CPUC to determine if the gas transmission pipeline projects that have been identified by PG&E as needing replacement or modification are being performed, or if other higher priority projects and operations and maintenance activities are being performed instead," said CPUC President Michael R. Peevey.

A subsequent decision will follow to address other safety related gas transmission issues raised by the San Bruno explosion, such as providing fire personnel throughout PG&E's service territory with training and information about the location of PG&E's transmission pipelines and shutoff valves, and ensuring that PG&E personnel are rapidly dispatched and deployed to the site in an emergency. Today's decision, and the decision to follow, is part of a forward-looking process that examines what can be done to ensure safety and reliability of PG&E's gas transmission and gas storage system during the four-year period covered by this proceeding. This proceeding is not examining the cause of the San Bruno explosion. The CPUC has other ongoing proceedings to look into PG&E's pipeline records and the safety of all gas pipelines in California.

The proposal voted on today is available at:

http://docs.cpuc.ca.gov/PUBLISHED/AGENDA_DECISION/133461.htm

For more information on the CPUC, please visit www.cpuc.ca.gov.

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