

Docket : A.17-11-009  
Exhibit Number : ORA-05-SA-Phan  
Commissioner : C. Rechtschaffen  
ALJ : S. Roscow  
Witness : D. Phan



**OFFICE OF RATEPAYER ADVOCATES**  
**CALIFORNIA PUBLIC UTILITIES COMMISSION**

**The Office of Ratepayer Advocates’  
Report on  
Pacific Gas and Electric Company’s  
Cost of Service and Rates for Gas  
Transmission and Storage  
Services for the Period 2019 - 2021**

Chapter 5: Asset Family – Transmission Pipe  
ORA Supporting Attachments

San Francisco, California  
June 29, 2018

**ORA Supporting Attachment, Ex. ORA-05-SA-Phan**

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| 1           | PG&E's response to data request ORA-38, Q. (1).  |
| 3           | PG&E's response to data request ORA-38, Q. 2   |
| 5           | PG&E's response to data request ORA-38, Q. 3   |
| 7           | D.17-05-013, Decision Authorizing PG&E's General Rate Case Revenue Requirement for 2017-2019 |

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Gas Transmission and Storage Rate Case 2019**  
**Application 17-11-009**  
**Data Response**

|                        |                                 |                   |                               |
|------------------------|---------------------------------|-------------------|-------------------------------|
| PG&E Data Request No.: | ORA_038-Q01                     |                   |                               |
| PG&E File Name:        | GTS-RateCase2019_DR_ORA_038-Q01 |                   |                               |
| Request Date:          | April 4, 2018                   | Requester DR No.: | 038                           |
| Date Sent:             | April 26, 2018                  | Requesting Party: | Office of Ratepayer Advocates |
| PG&E Witness:          | Bennie Barnes                   | Requester:        | Dao Phan                      |

**SUBJECT: A.17-11-009 PG&E TY 2019 GAS TRANSMISSION AND STORAGE (GT&S) APPLICATION**

**QUESTION 1**

Referring to Chapter 5 of PG&E's testimony, page 5-36, lines 4-11, please provide the following:

- a. The number of miles of High Consequence Area (HCA) in PG&E's system each year from 2012-2017.
- b. The number of miles of HCA in PG&E's system assessed, by method/type, each year from 2012-2017.
- c. The number of miles of HCA in PG&E's system re-assessed, by method/type, each year from 2012-2017.
- d. The annual O&M expenses and capital expenditures incurred to assess the HCAs in PG&E's system, by method, each year from 2012-2017.
- e. The annual O&M expenses and capital expenditures incurred to re-assess the HCAs in PG&E's system, by method, each year from 2012-2017.

**ANSWER 1**

- a. For the number of HCA miles in PG&E's system from 2012 – 2017, please see the table below.

| Year | PG&E HCA Miles | StanPac HCA Miles | Total HCA Miles |
|------|----------------|-------------------|-----------------|
| 2012 | 1040.30        | 28.30             | 1068.60         |
| 2013 | 1076.00        | 28.40             | 1104.40         |
| 2014 | 1092.50        | 28.60             | 1121.10         |
| 2015 | 1148.70        | 29.60             | 1178.30         |
| 2016 | 1480.40        | 31.70             | 1512.10         |
| 2017 | 1507.30        | 31.70             | 1539.00         |

- b. For the number of miles of HCA in PG&E's system assessed, by method/type, each year from 2012-2017, please see the table below. The method/type includes ILI (In-Line Inspection) first time assessment, ILI reassessment, ECDA (External Corrosion Direct Assessment) first time assessment, ECDA reassessment, ICDA (Internal Corrosion Direct Assessment) first time assessment, ICDA reassessment, Hydrostatic Testing first time assessment, and Hydrostatic testing reassessment.

| Year | ILI First Time Assessment Miles | ILI Reassessment Miles | ECDA First Time Assessment Miles | ECDA Reassessment Miles | ICDA First Time Assessment Miles | ICDA Reassessment Miles | Hydro First Time Assessment Miles | Hydro Reassessment Miles | Total First Time Assessment Miles | Total Reassessment Miles | Total Miles Assessed |
|------|---------------------------------|------------------------|----------------------------------|-------------------------|----------------------------------|-------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|----------------------|
| 2012 | 36.5                            | 6.1                    | 87.2                             | 66.4                    | 0.0                              | 0.0                     | 0.0                               | 4.8                      | 123.7                             | 77.3                     | 201.0                |
| 2013 | 12.6                            | 44.8                   | 4.0                              | 110.5                   | 6.9                              | 0.0                     | 0.4                               | 2.6                      | 23.8                              | 157.9                    | 181.6                |
| 2014 | 0.4                             | 135.8                  | 14.8                             | 124.0                   | 2.0                              | 0.0                     | 0.4                               | 11.9                     | 17.6                              | 271.6                    | 289.2                |
| 2015 | 0.5                             | 58.5                   | 2.1                              | 52.7                    | 6.3                              | 0.0                     | 0.0                               | 5.8                      | 8.9                               | 117.0                    | 125.9                |
| 2016 | 0.0                             | 61.3                   | 0.0                              | 107.1                   | 0.0                              | 0.0                     | 53.3                              | 0.0                      | 53.3                              | 168.4                    | 221.7                |
| 2017 | 0.0                             | 90.0                   | 1.6                              | 87.3                    | 0.0                              | 0.0                     | 0.0                               | 7.8                      | 1.6                               | 185.1                    | 186.7                |

- c. For the number of miles of HCA in PG&E's system re-assessed, by method/type, each year from 2012-2017, please see the table above in subpart "b".
- d. Each assessment project could include both first time and reassessment segments within its scope. PG&E does not account for these costs separately within a project. As such, PG&E does not have the breakdown of costs by first time assessments versus reassessments. For the recorded costs by program for the years 2012 through 2016, please see Workpaper Tables 5-2 and 5-3. For recorded costs by program for 2017, please see the response to GTS-RateCase2019\_DR\_ORA\_035-Q01.
- e. Please see the response to subpart "d".

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Gas Transmission and Storage Rate Case 2019**  
**Application 17-11-009**  
**Data Response**

|                        |                                 |                   |                               |
|------------------------|---------------------------------|-------------------|-------------------------------|
| PG&E Data Request No.: | ORA_038-Q02                     |                   |                               |
| PG&E File Name:        | GTS-RateCase2019_DR_ORA_038-Q02 |                   |                               |
| Request Date:          | April 4, 2018                   | Requester DR No.: | 038                           |
| Date Sent:             | April 26, 2018                  | Requesting Party: | Office of Ratepayer Advocates |
| PG&E Witness:          | Bennie Barnes                   | Requester:        | Dao Phan                      |

**SUBJECT: A.17-11-009 PG&E TY 2019 GAS TRANSMISSION AND STORAGE (GT&S) APPLICATION**

**QUESTION 2**

Referring to Chapter 5 of PG&E's testimony, page 5-36, lines 12-16, please provide the following:

- a. The number of miles scheduled for assessment using the External Corrosion Direct Assessment (ECDA) method and the O&M expenses forecasted for 2017, 2018, and 2019.
- b. A copy of the calculations and assumptions used to determine the number of miles and costs for the planned ECDA each year from 2017-2019.
- c. The number of miles assessed using the ECDA method and costs incurred in 2017.
- d. The number of miles scheduled for re-assessment using the External Corrosion Direct Assessment (ECDA) method and the O&M expenses forecasted for 2017, 2018, and 2019.
- e. A copy of the calculations and assumptions used to determine the number of miles and costs for the planned ECDA re-assessment each year from 2017-2019.
- f. The number of miles re-assessed using the ECDA method and costs incurred in 2017.
- g. The number of miles assessed using the ECDA method and costs incurred each year from 2012-2016.
- h. The number of miles re-assessed using the ECDA method and costs incurred each year from 2012-2016.

**ANSWER 2**

- a. For the number of miles scheduled for first time assessment using the External Corrosion Direct Assessment (ECDA) method and the expenses forecast for 2017, 2018, and 2019, please see the table below. As stated in the response to GTS-RateCase2019\_DR\_ORA\_038-Q01, each assessment project could include both first time and reassessment segments within its scope. PG&E does not account for these costs separately within a project. As such, PG&E does not have the

breakdown of costs by first time assessments as compared to reassessments. For the forecast costs of the program for the years 2017 through 2019, please see the table below.

| Year | Miles of ECDA First Time Assessment Forecast | Miles of ECDA Reassessment Forecast | Total ECDA Assessment Miles | Forecast Expenditures |
|------|--|-------------------------------------|-----------------------------|-----------------------|
| 2017 | 1.62   | 88.65                               | 90.27                       | \$40,538,542          |
| 2018 | 0.00   | 74.11                               | 74.11                       | \$30,015,955          |
| 2019 | 23.33  | 72.67                               | 95.99                       | \$31,386,895          |

- b. The scope of the ECDA program is driven by the requirements of the Code of Federal Regulations (CFR) 49 Section 192 Subpart O. In accordance with this regulation, PG&E manages an Assessment Plan that sets forth the assessment due dates for each covered segment in PG&E's system. The numbers of miles in the table above reflect the projects that address the segments due for assessment. Please note that neighboring segments with a different due date may be grouped together to create a project that encapsulates all of the covered segments in a geographic area. This is done in an effort to get all existing covered segments in an area on an aligned assessment schedule. For the line item detail for the 2017 and 2018 forecasts, please see Workpaper Table 5-2, lines 186-205. For the calculations and assumptions used to determine the miles and costs for the planned ECDA in 2019, please see Workpaper Table 5-10 starting on page WP 5-45.
- c. For the number of miles assessed using the ECDA method and costs incurred in 2017, please see the response to GTS-RateCase2019\_DR\_ORA\_038-Q01 of this data request.
- d. For the number of miles scheduled for reassessment using the ECDA method and the expenses forecasted for 2017, 2018, and 2019, please see the response to subpart "a" of this response, and the table above.
- e. Please see subpart "b" of this response.
- f. For the number of miles reassessed using the ECDA method and costs incurred in 2017, please see the response to GTS-RateCase2019\_DR\_ORA\_038-Q01.
- g. For the number of miles first time assessed using the ECDA method and costs incurred each year from 2012-2016, please see the response to GTS-RateCase2019\_DR\_ORA\_038-Q01.
- h. For the number of miles reassessed using the ECDA method and costs incurred each year from 2012-2016, please see the response to GTS-RateCase2019\_DR\_ORA\_038-Q01.

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Gas Transmission and Storage Rate Case 2019**  
**Application 17-11-009**  
**Data Response**

|                        |                                 |                   |                               |
|------------------------|---------------------------------|-------------------|-------------------------------|
| PG&E Data Request No.: | ORA_038-Q03                     |                   |                               |
| PG&E File Name:        | GTS-RateCase2019_DR_ORA_038-Q03 |                   |                               |
| Request Date:          | April 4, 2018                   | Requester DR No.: | 038                           |
| Date Sent:             | May 2, 2018                     | Requesting Party: | Office of Ratepayer Advocates |
| PG&E Witness:          | Bennie Barnes                   | Requester:        | Dao Phan                      |

**SUBJECT: A.17-11-009 PG&E TY 2019 GAS TRANSMISSION AND STORAGE (GT&S) APPLICATION**

**QUESTION 3**

Referring to Chapter 5 of PG&E's testimony, page 5-5, line 10-12, please provide the following:

- a. The number of HCA mileage that PG&E claims must be addressed during the 2019 GT&S Rate Case period.
- b. Regarding Table 5-3, line 2, please provide a copy of all calculations and supporting documents used to determine the 2018 forecast of \$1.711 million for Direct Assessment (DA).
- c. Regarding Table 5-3, line 2, please provide the 2017 recorded capital expenditures for DA.

**ANSWER 3**

- a. PG&E currently has 1,539 miles of HCA pipe.<sup>1</sup>
- b. The 2018 capital forecast for Direct Assessment Capital Repair, also shown in the Chapter 5 workpapers in table 5-34, on workpaper page WP 5-103, line 904, represents a programmatic estimate of the capital repair costs, such as adding dielectric gel to casings or for capital replacement where anomalous conditions are found. The 2018 forecast was based on engineering judgment that PG&E would perform work on six units<sup>2</sup> at a total forecast cost of \$1.7 million. Please note that the 2018 forecast for Direct Assessment Capital Repair was not used in development of any of PG&E's Chapter 5 forecasts for the 2019 GT&S Rate Case filing.
- c. Please see the response to GTS-RateCase2019\_DR\_ORA\_035-Q01 for the 2017 recorded capital expenditures for DA.

<sup>1</sup> Per PG&E's 2017 reporting on Gas Transmission & Gathering Pipeline Annual Form - PHMSA Form 7100.2-1

<sup>2</sup> At the time PG&E developed the 2018 forecast, a "unit" for Direct Assessment Capital Repair reflected two units for every one casing.





COM/MP6/lil

Date of Issuance 5/18/2017

Decision 17-05-013 May 11, 2017

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2017 (U39M).

Application 15-09-001  
(Filed September 1, 2015)

**DECISION AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY'S  
GENERAL RATE CASE REVENUE REQUIREMENT FOR 2017-2019**

According to Settling Parties, as described in Section 3.2.8.3 of the Settlement Agreement, the new agreed-upon Spending Accountability Reports will compare authorized expense and capital to actual spending for all electric distribution, electric generation and gas distribution work. For safety and reliability work, these reports will also compare units of work authorized with units of work performed. PG&E will provide an explanation of any significant deviations between authorized and actual spending and between authorized and actual units of work.

PG&E will file these reports annually by March 31 of the year following the period covered by the report. The reports shall be served on the Directors of SED and Energy Division and the service list for the most recent GRC. The reports shall continue until discontinued by order of the Commission. Settling Parties propose that these Spending Accountability Reports shall replace the Budget Reports required by D.11-05-018 and D.14-08-032.

**4.2.8.4. Principles for Deferred Work  
(Section 3.2.8.4)**

In its testimony, TURN raised a broad concern regarding what it described as PG&E's practice of delaying or deferring work based on "reprioritization." TURN alleged that "PG&E's request in this case includes several forecasted amounts that are significantly higher than they otherwise would be to make up for work that was deferred during the period prior to the test year."<sup>215</sup> As one example, Settling Parties note that TURN recommended various capital disallowances for previously funded safety-related work that was not performed

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<sup>215</sup> Exhibit TURN-1 at 14.

by PG&E in the 2014-2016 period concerning Aldyl-A Mains, High Pressure Regulators, Valves and Reliability Main Replacement on the grounds that deferring such work was contrary to principles set forth in D.11-05-018 and D.14-08-032.<sup>216</sup>

In rebuttal testimony, PG&E opposed such disallowances, explaining that the primary driver for decreased investment in these areas was increased investments in other areas following a risk-informed reprioritization.<sup>217</sup>

In Section 3.2.8.4 of the Settlement Agreement Settling Parties resolve this matter by expressing their agreement with a number of “principles,” which they note were reflected in the Commission’s decision on PG&E’s 2014 GRC application. The listed principles appears to have been assembled from the Commission’s discussion of several items in several places in that decision, including PG&E’s pole replacement revenue requirement request (Section 4.7) and PG&E’s financial health (Section 11.6). Settling Parties also rephrased some of that discussion. The principles listed in the Settlement Agreement are repeated below:<sup>218</sup>

1. Where funds are originally collected from ratepayers based on representations that the work is necessary to provide safe and reliable service and, yet, PG&E does not perform all of the designated work, the fact that PG&E must pay for a higher priority activity or program does not nullify or extinguish its responsibilities to fund forecasted and authorized work unless

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<sup>216</sup> *Id.* at 14-24; Exhibit TURN-2, at 26.

<sup>217</sup> Exhibit PG&E-22 V1 at 1-6 to 1-15.

<sup>218</sup> Settlement Agreement, Section 3.2.8.4.

such work is no longer deemed necessary for safe and reliable service.

2. PG&E is responsible for providing safe and reliable customer service whether or not its overall spending matches funding levels authorized or imputed in rates.
3. PG&E bears the risk that, as a result of meeting spending obligations necessary to provide safe and reliable service, the earned rate of return may be less than the authorized return.
4. While PG&E has finite funds to meet capital and operational needs, PG&E is not restricted to spending only up to the forecast adopted in a GRC.
5. PG&E bears the responsibility – and has discretion – to adjust priorities to accommodate changing conditions after test year forecasts are adopted. Readjusting spending priorities, however, only involves the ranking and sequence of spending. Reprioritizing spending for new projects does not automatically justify postponing projects previously deemed necessary for safe and reliable service.
6. The GRC process is a tool in supporting PG&E's ongoing ability to provide safe and reliable service while affording a reasonable opportunity to earn its rate of return and thereby attract capital to fund its infrastructure needs. Adopted revenue requirements and the disposition of disputed ratemaking issues should be consistent with the goal of supporting PG&E's ability to provide safe and reliable service while maintaining its financial health and ability to raise capital.

Also in Section 3.2.8.4, PG&E agrees that, in the next GRC and its next Gas Transmission and Storage rate case, PG&E will need to take additional steps in order to seek ratepayer funding for work that was previously authorized and funded when all of the following are true:

- a. The work was requested and authorized based on representations that it was needed to provide safe and reliable service;

- b. PG&E did not perform all of the authorized and funded work, as measured by authorized (explicit or imputed) units of work; and
- c. PG&E continues to represent that the curtailed work is necessary to provide safe and reliable service.

Specifically, for any work that meets these conditions, PG&E's direct showing in support of the reasonableness of its forecast in the rate case shall provide at a minimum, a demonstration of how the specific funding request is consistent with the principles above, and may include a showing of (i) why the authorized work was not performed in the time forecasted, (ii) how the authorized funding was used, if at all, for other purposes and (iii) whether such other purposes related to the provision of safe and reliable service.<sup>219</sup>

To the extent that authorized funding for safety-related work was used for other purposes, PG&E's showing in support of its forecast for additional funding for the curtailed work shall include a demonstration of the reasonableness of the alternative work for the purpose of evaluating the appropriateness of the new funding request. However, nothing in this provision is intended to modify PG&E's obligation, consistent with cost of service ratemaking, to demonstrate the reasonableness of recorded capital spending, whether or not done as a replacement for previously authorized and funded safety-related work.<sup>220</sup>

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<sup>219</sup> *Ibid.*

<sup>220</sup> *Ibid.*