



Martin S. Schenker  
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VIA HAND DELIVERY & E-MAIL

October 6, 2014

Mr. Paul Clanon  
Executive Director  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**Re: Pacific Gas and Electric Company's Late Notice of Ex Parte Communications**

Dear Mr. Clanon:

On September 15, 2014, Pacific Gas and Electric Company ("PG&E") filed a Notice of Improper Ex Parte Communications ("Notice"). The improper ex parte communications identified in the Notice were discovered through PG&E's voluntary review of communications with the Commission since early 2010. In the Notice, PG&E "caution[ed] that its evaluation of the facts and circumstances surrounding these communications is ongoing" and stated that "PG&E will provide notice in the event additional ex parte communications are identified."

PG&E has identified additional ex parte communications that it failed to disclose as required by Commission Rule 8.4.

The first communication was an oral communication between PG&E's then-Vice President of Regulatory Relations and President Michael Peevey that occurred on May 30, 2010. The content of the communication is described in an e-mail, a copy of which is attached hereto as Exhibit A. As described in Exhibit A, the communication concerned the following Commission proceedings:

- 2011 General Rate Case (A0912020);
- Application of Approval of 2008 Long-Term Request for Offer Results (A0909021);
- Application for Approval of the Manzanita Wind Project (A0912002); and
- Energy Efficiency Risk/Reward Incentive Mechanism Rulemaking (R0901019)

The first three of these proceedings are closed. The fourth proceeding, R0901019, is open; however, the docket contains a "Closed Alert," which reads, in part, as follows: "This Proceeding was closed on 1/12/2012 by R.12-01-005. However, it remains OPEN ONLY to consider (a) Existing Petitions for Modification, (b) Applications for Rehearing and (c) Requests for ICOMP. NO OTHER DOCS SHOULD BE FILED HEREIN."



Mr. Paul Clanon  
California Public Utilities Commission  
October 6, 2014  
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Given the status of these proceedings, PG&E is sending this letter to you and to the Commission's Acting General Counsel, and will be sending this letter to the final service list in each proceeding.

The remaining communications are e-mail exchanges between PG&E and Commission personnel concerning the 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 (R11-02-019). As to those communications, PG&E today filed with the Commission in R11-02-019 a Late Notice of Ex Parte Communications, a copy of which is attached hereto as Exhibit B.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Martin S. Schenker".

Martin S. Schenker

MSS:ra

Enclosures

cc: Acting General Counsel (via Hand Delivery and E-Mail)  
Service Lists (via E-mail)(as soon as PG&E obtains the service lists)

# **Exhibit A**

From: Cherry, Brian K  
Sent: 5/31/2010 9:29:59 PM  
To: Bottorff, Thomas E (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TEB3)  
Cc:  
Bcc:  
Subject: Re: Peevey

Also, he is opposed to Manzana. He said that he will not approve the project if the Fed's don't give us a permit. He said that the CA Fish and Game is ok with the project, but the Dept of the Interior needs to give their ok. Without it, he won't approve it.

----- Original Message -----

From: Cherry, Brian K  
To: Bottorff, Thomas E  
Sent: Mon May 31 21:27:43 2010  
Subject: Peevey

Tom - Sara and I dinner with Mike last night. Carol had a political commitment in LA today and had to leave early so it was just the three of us and my daughter. The evening was social but we did delve into some work matters:

Oakley - Mike insisted again that he was putting Oakley last, to be filled in if some of the other projects don't get built. I told him again that if that was his intent, then the PD needed revision because it didn't approve, even conditionally, Oakley's MWs. He reiterated that wasn't true, but I told him he was mistaken and that we would come in and point out what needed to be corrected. Mike intimated that the Oakley problem would be addressed in the DWR Novation PD (second revision) but I told him that was risky. We needed changes to the LTTP itself if we wanted to keep Oakley alive. Mike was fine with that and said he would look into it.

Mike mentioned that Steve Larson had scheduled a visit to talk to him about Oakley and that Steve had already met with Clanon. I let Mike know that the developers, not PG&E had hired him. I also told Mike that a successful outcome on Oakley was important to Steve for growing his business with Capital Strategies and Mike understood the implication of that very clearly. I told him that Steve and Chevron were going directly to Schwarzenegger to get Oakley approved and Mike needed to be aware of that. Mike was very dismissive of the Governor, calling him a lame duck. That said, he didn't tip his hand on the issue. Mike and Arnold and Steve are all close. We have our work cut out for us.

AB32 - Mike stated very clearly that he expects PG&E to step up big and early in opposition to the AB32 ballot initiative. He said it would undermine our reputation if we didn't fund it, especially given the hits we have taken lately over SmartMeter, Marin and Prop 16 activities. Mike said he told Peter we need to spend at least \$1 million. I asked for clarification and he said 'at least' doesn't mean \$1 million, it means a lot more. Mike said that we couldn't spend \$50 million on Prop 16 and then claim to be poor. He has approached Sempra and Edison and said we would have egg on our face if they came out in opposition to the initiative before we did. He said it would be a positive move that could help to repair fences with opponents of Prop 16.

Anniversary of PUC - at the end of January, the PUC is hosting a celebration of the Commission's 100th Anniversary. Mike has put together a Committee headed by Pete Arth, Steve Larson and Bill Bagley who are forming a 501.3c committee (under Mike's oversight). He expects PG&E, Sempra, Edison and AT&T to contribute \$100,000 each to the celebration committee (Edison and AT&T have already confirmed they will contribute). He said he mentioned it to Peter but wasn't sure if he had mentioned it to anyone else - but that I was on notice. The amount is steep because the Committee expects to spend \$150k or so and use the rest to fund other future Commission events that the State is unwilling to fund. For example, he mentioned he hosted 2 delegations from China recently and he had to fund the dinner for them out of his own pocket because the state is broke. At another event, John Bohn and Mike ponyed up \$3,500 out of their own pocket for a lunch. He doesn't want future Commissioners to face the same dilemma.

GRC - Mike is aware that we are looking for a good GRC decision. He said we have a decent judge who listens but that we couldn't expect to win everything. I suggested we could live with \$625 million and Mike chuckled a bit. I told him that we were concerned about restoring our infrastructure and Mike agreed, noting that TURN and DRA would ruin the industry if left to their own devices. He said to expect a decision in January - around the time of the PUC's 100th Anniversary celebration. I told him I got the message.

Prop 16 - Mike confirmed that he dropped a Commission resolution opposing Prop 16 because he couldn't get Simon on Board. He was quite pleased with his editorial against Prop 16 and the positive feedback he received on it to date. He said he told Peter he thinks Prop

16 will win but also said the Board should hold Peter personally responsible if it fails. Mike thinks win or lose we have sullied our reputation and that it will be a long haul to burnish our credentials again. Mike said he received a call from David Baker regarding PG&E and our recent downfall from PR grace. He said David was looking for dirt and wanted to write an article that would show that our duplicity between what we say and what we do, particularly the contrast between how we behave in Washington and how we behave in California in regards to being Green. However, Mike said he told Baker that PG&E was a leader in CA too and that despite our heavy-handedness in Marin and in SFO on CCA, that we were making major strides to green our business - more so than Edison and Sempra.

CCA - Mike reiterated his belief that our "low road" tactics were not only ineffective but beneath us and have caused more harm than good. He believes we need to simply compare services and take a more positive and proactive outreach. He believes the negative campaign that we have utilized has created the perception again that we are the bully on the block. Mike said he doesn't really support CCA, but it is the law. He believes that nascent CCAs will fail but campaigns like ours turn off even the greatest admirers of our company.

EE Incentives - Mike complained that Bohn has been ineffective in moving this matter quickly. He was hopeful that we would resolve the final true-up this year. He suggested that Peter have lunch or dinner with John and tell him to speed things up. Mike supports us getting incentives but told me not to expect too much given the large amounts we got the last two years. I suggested to Mike that the numbers were still subject to debate, but we could reach some agreement. I jokingly suggested that if he gave us \$26 million, we could come up with \$3 million or so for AB 32. He said that is a deal he could live with - but we both agreed lots of things above my pay grade have to happen before that is a reality.

Meeting with Peter - Mike wanted to know how the meeting between him and Peter was received. I told him the feedback I had heard was all good and that Peter appreciated meeting with him.

Summit - Mike wants to talk about the direction we are headed as a Company - what we support moving forward relative to renewable policy, CCA, the City and County of SFO and our communication strategy for getting back in the public's good graces.

All in all, we had a nice evening a polished off two bottles of good Pinot. Mike is in Sacramento tomorrow and doesn't get back to the Commission until Wednesday.

That's all.

# **Exhibit B**

**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)

**PACIFIC GAS AND ELECTRIC COMPANY'S LATE NOTICE  
OF EX PARTE COMMUNICATIONS**

MARTIN S. SCHENKER  
COOLEY LLP  
101 California Street  
5th Floor  
San Francisco, CA 94111-5800  
Phone: (415) 693-2000  
Fax: (415) 693-2222  
E-Mail: [mschenker@cooley.com](mailto:mschenker@cooley.com)

Dated: October 6, 2014

Attorneys for  
PACIFIC GAS AND ELECTRIC COMPANY

**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)

**PACIFIC GAS AND ELECTRIC COMPANY'S LATE NOTICE OF EX PARTE  
COMMUNICATIONS**

On September 15, 2014, Pacific Gas and Electric Company ("PG&E") filed a Notice of Improper Ex Parte Communications ("Notice"). The improper ex parte communications identified in the Notice were discovered through PG&E's voluntary review of communications with the Commission since early 2010. In the Notice, PG&E "caution[ed] that its evaluation of the facts and circumstances surrounding these communications is ongoing" and stated that "PG&E will provide notice in the event additional ex parte communications are identified."

PG&E has identified additional ex parte communications concerning this proceeding that it failed to disclose as required by Commission Rule 8.4. PG&E now provides this late disclosure of these communications and notice of its prior failure to comply with its ex parte reporting obligations.

The communications are e-mail exchanges between PG&E's then Vice President of Regulatory Relations and Commissioner Michel Florio on December 18 and 19, 2013. The content of the communications is contained in e-mails, copies of which are attached hereto as Exhibit 1.



Respectfully Submitted,

MARTIN S. SCHENKER

By:                   /s/ *Martin S. Schenker*                    
MARTIN S. SCHENKER

Cooley LLP  
101 California Street  
5th Floor  
San Francisco, CA 94111-5800  
Phone: (415) 693-2000  
Fax: (415) 693-2222  
E-Mail: mschenker@cooley.com

Dated: October 6, 2014

Attorneys for  
PACIFIC GAS AND ELECTRIC COMPANY

# Exhibit 1

From: Cherry, Brian K  
Sent: 12/18/2013 11:11:19 AM  
To: Khosrowjah, Sepideh (sepideh.khosrowjah@cpuc.ca.gov); Florio, Michel Peter (MichelPeter.Florio@cpuc.ca.gov) (MichelPeter.Florio@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: FW: Responses to last night's L147 questions

[Here is the material we provided to Liza Malaschenko.](#) The circumstances as always are more complicated.

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**From:** Doll, Laura  
**Sent:** Tuesday, December 17, 2013 10:46 AM  
**To:** [elizaveta.malashenko@cpuc.ca.gov](mailto:elizaveta.malashenko@cpuc.ca.gov)  
**Cc:** Christopher, Melvin J. (GSO); Brown, Rick (GSO)  
**Subject:** Responses to last night's L147 questions

Liza  
Here are three things you asked for last night.

1. A description of what it takes to get Line 147 back up to transmission level service. Basically, it takes between 4-8.5 hours depending on whether it happens during work or off hours, and about 12 people to get it done. The description provides info about where the work has to take place.
2. Two slides that graphically show why L147 needs to operate at 330 psig to provide needed transmission system redundancy/emergency re-routing capability. It's a good image of what happens in case of an outage both now – at 125 – and later, with the line back at 330.
3. A list of safety related projects that are at risk of not being completed while L147 operates at 125 psig. They are grouped in 3 categories (and their descriptions are a bit cryptic):
  - PSEP valve automation and regulation projects
  - Pipeline replacement projects
  - In-line inspection upgrade projects

All of these projects require clearances so that gas can continue to flow while portions of the pipe are taken out of service to be worked on. Line 147 needs to be operating at transmission level pressures (330) to accommodate that.

There are about 6 projects that definitely **cannot** proceed: they include 2 PSEP valve automation and regulation projects that were scheduled for installation on December 13, 2 pipe replacement projects on Lines 101 and 109 that are scheduled this spring, and 2 In-line inspection upgrade projects on Line 101 that are scheduled for April 2014.

There are another 17 projects that are at serious risk of not being able to proceed, and will require further analysis if L147 is not returned to transmission level service.

Hope this gets you what you were looking for. But as always, Mel and his team are ready to provide more information.

## Mitigating a Section of Transmission Line Being Out of Service

### Line 147 operating at 125 psig

- Contact crews to manually operate valves between L-101 and L-147 at Commercial Way (2 people), manually operate valves between L-109, L-132, and L-147 at Edgewood Station (2 people) and to standby at 4 distribution regulators to mitigate possible over pressure event due to increased upstream pressure from L-147 (8 people total). Total of 3 crews and 12 people; a significant resource requirement.
  - a) Arrival time about 1-2 hours if event occurs during work hours depending on crew location and traffic.
  - b) Extended arrival times if event occurs during night, weekends, or holidays. Arrival time could be 2-5 hours.
- Valves must be opened to connect L-101 to L-147 at Commercial Way. Install pressure gauges. Valves must be opened to connect L-132 and L-109 to L-147 at Edgewood. Two person crews at each of the 4 distribution regulator stations to standby for avoiding over pressure event. About 1½-2 hours.
- Edgewood must be set up for hand throttling of valve to prevent over pressure of L-109 and L-132. Installation of pressure gauges. About 1 hour.
- Estimated time for pressure to increase from 110 psig (current pressure) to 330 psig: ½ to 1 hour.

Summary of time required assuming two crews are sent; one to Commercial Way and one to Edgewood Station:

	Event Occurs During Work Hours	Event Occurs During Off Hours	Operations
Contact crews, arrive on site	1 to 2 hours	2 to 5 hours	
Open valves at Commercial and Edgewood Stations, install 2 gauges at each location. Four 2 person crews at each dist reg to ensure no over press event	1½-2 hours	1½-2 hours	Commercial - Open 2 valves, check 5 valves, install 2 gauges Edgewood – Open 1 valve, check 11 valves, install 2 gauges Standby at 4 dist regs, possibly operate to avoid over press event
Set up Edgewood for hand throttling	½ hour	½ hour	Edgewood – Hand throttle 1 valve
Increase system pressure from 110 to 330 psig	1 hour	1 hour	
<b>Total time for L-147 to fully function as a cross tie</b>	<b>4 to 5½ hours</b>	<b>5 to 8½ hours</b>	

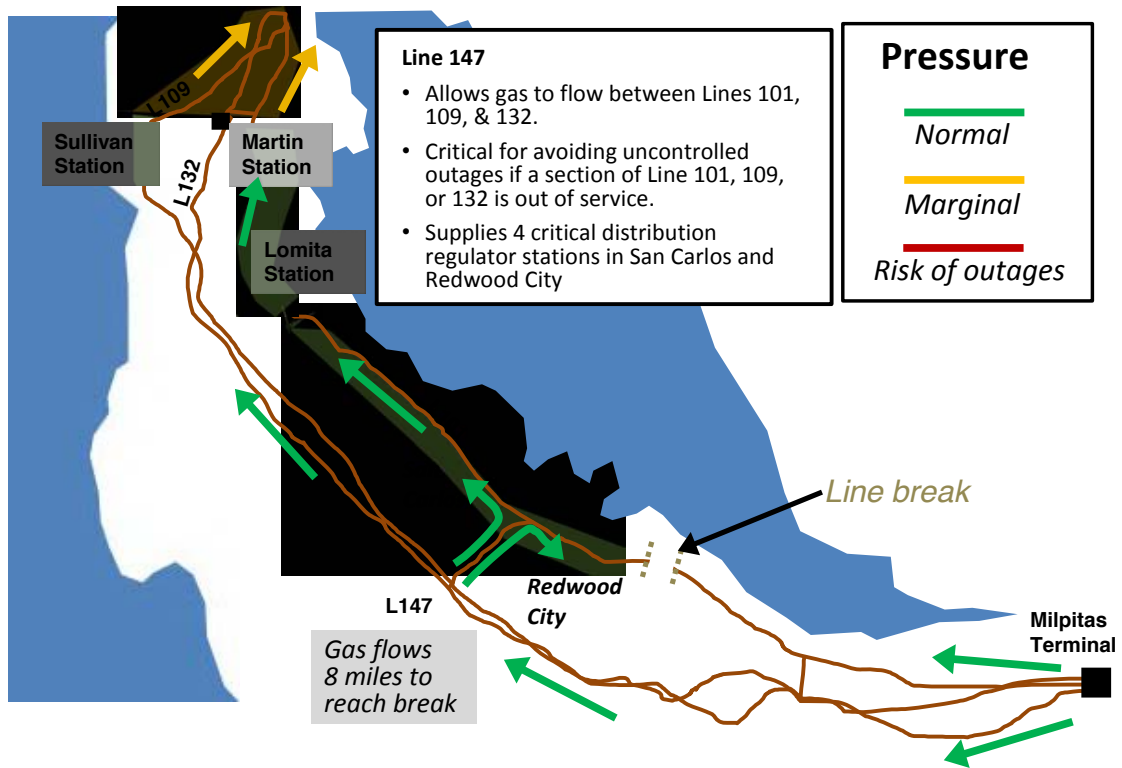
Summary –

- 4 to 8½ hours implementation time creates significant risk of uncontrolled outages on the Peninsula
- Extensive resources required; 3 crews, 12 people. Mobilization and travel time significant.
- Risk of over pressure event due to L-147 pressure increase (from 125 to 330 psig) creating large change in upstream pressure of 4 distribution regulators.

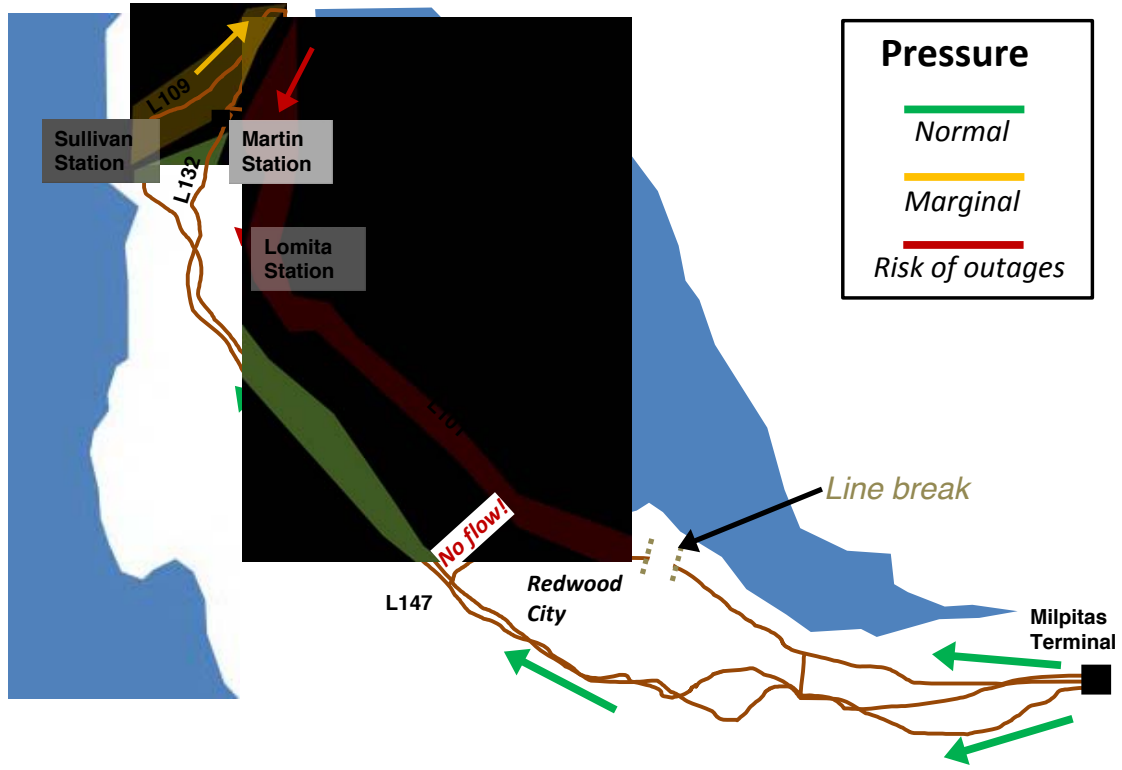
Line 147 operating at 330 psig

Line 147 will automatically function as a cross tie. All of the above time, resources and risks are avoided.

## Line Break on L-101 w/ L-147 at **330 psig**



# Line Break on L-101 w/ L-147 at **125 psig**



## Project Descriptions

### **PSEP Valve Auto/Regulation**

Commercial Valve Automatic  
Edgewood Regulation from L147 to L109 and L132  
L-101 MP33.68 Rebuild Lomita Park Station (Outage 1/2)  
L-101 MP33.68 Rebuild Lomita Park Station (Outage 2/2)

### **Pipe Replacement**

DREG4198 TS-PN-Repl Ph.1 Expense  
L-101 Mp 12.5 San Fransquito Creek CT WRO  
L-109 REPL .04 MI, MP 17.07 - 17.11, R-165  
L-109\_2B REPL 0.28 MI, MP9.98-10.24 Ph1 R-67  
L-109 REPL 0.78 MI, MP 23.30-24.00 PH1 R-052  
L-109 REPL 1.29 MI, MP 18.61-19.71 PH1 R-031  
L-109 REPL 1.64 MI, MP 20.38-22.20 PH1 R-166  
L-109 REPL 2.35 MI, MP 24.84-27.26 PH1 R-046  
L-109 REPL 1.26 MI, MP 30.52-31.76 PH1 R-048  
L-109\_4A\_2 REPL 1.62MI MP 28.60-30.11 PH1 R-185  
L-147 REPL MP 1.92-2.28 R-376  
L-147 REPL MP 0.45-0.55 R-377  
L-147 MP 0.85-1.98 RELOC 6500-FT SN CRLOS R-317

### **In Line Inspection**

L-101 ILI Upgrade, remove drip MP20.12 I-015  
L-101 ILI Upgrade Repl 34" w 24" MP 19.78-20.04 I-015  
L-101 ILI Upgrade Aviator Temporary Pig Reciever MP 32.57  
L-101 ILI Upgrade Replace AO Smith Pipe MP 33.07-33.44  
L-132 MP 40.05-40.11 UPGRADE Healy Launcher PH-1 (Healy Station) I-007



Project Viability w Line 147 at 125 psig  
(not functioning as a cross tie)

	Cannot Proceed	At Risk of Not Proceeding (More analysis required)
12/13	x	
12/13	x	
6/14		x
10/14		x
3/14	x	
4/14	x	
7/14		x
7/14		x
9/14		x
9/14		x
9/14		x
10/14		x
10/14		x
10/14		x
10/14		x
10/14		x
10/14		x
4/14	x	
4/14	x	
4/14		x
9/14		x
3/14		x

From: Florio, Michel Peter  
Sent: 12/18/2013 8:07:46 PM  
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Cc:  
Bcc:  
Subject: Re: Line 147 Decision

We are both learning or remembering things we wish we hadn't . . . . I'm good to go unless you find out anything different than this.

-----Original Message-----

From: Cherry, Brian K [<mailto:BKC7@pge.com>]  
Sent: Wednesday, December 18, 2013 8:05 PM  
To: Florio, Michel Peter  
Subject: Re: Line 147 Decision

See, I ranted so much I forgot you had another question.

The valves that control the operation between lines 101, 109 and 132 are manual valves. They require people on site and manually ratcheting down or up of pressure with pressure gauges that need to be applied. Crews need to be called in up to 8 hours in advance to make it work. The pressure is increased upwards during that time period. They are not automatic nor are they remotely controlled (an important distinction). Automatic valves are sensitive to pressure changes (ex. A drop in pressure caused by rupture from a seismic event). Remotely controlled valves can be opened or shut through SCADA at our Gas Control Center in San Ramon. Ideally, some day, if customers are willing to pay and regulators approve, most valves would be remotely controlled. Most valves on our system and SoCalGas' are not.

The valves associated with Line 147 are not remotely controlled nor are they automatic. They are manual. I'm happy to take San Carlos out to look at them.

Pretty amazing what I retained from working at SoCalGas for 17 years !

Brian K. Cherry  
PG&E Company  
VP, Regulatory Relations  
77 Beale Street  
San Francisco, CA. 94105  
(415) 973-4977

> On Dec 18, 2013, at 7:52 PM, "Florio, Michel Peter" <MichelPeter.Florio@cpuc.ca.gov> wrote:

>

> Thank you Brian -- you are far from the only one ranting today!! This all makes sense to me. The only other loose end that I see is the City's claim that they were told automatic valves had already been installed on Line 147. I think those may have been the ones planned for this month, but a little more clarification on what valves exist and what they can do would help. No rest for the weary! Mike

>

> -----Original Message-----

> From: Cherry, Brian K [<mailto:BKC7@pge.com>]  
> Sent: Wednesday, December 18, 2013 7:43 PM  
> To: Florio, Michel Peter  
> Subject: Re: Line 147 Decision

>

> Let me see what I can do.

>

> I believe the simple answer is that Operating at 240 psi doesn't allow line 147 to be used as a crosstie with 101, 109 and 132, which therefore limits the ability to operate the lines efficiently and safely under high stress conditions. I believe under APD and even CWD conditions, that a rupture from a third party dig in on any of those feeder lines with line 147 at 240 psi would result in core and noncore curtailment in the northern peninsula. San Carlos would not be effected unduly but core and noncore residents in SFO would be without gas. During last weeks cold spell, we came close to just that situation with a sewer replacement project in the Peninsula. Keeping line 147 below the 330 psi operating standards also doesn't allow us to isolate sections and spurs off 101, 109 and 132 in a manner to install new automatic valves for needed seismic work, prepare and institute In line inspection pigging or do needed pipeline replacement work in other cities and municipalities. We have already cancelled work in some cities and are likely to cancel more work planned for 2014 on the Peninsula.

>  
> Is it good public policy to have one City disadvantage everyone else with no concern for the greater public good ? More importantly, who are the experts that we are to rely on for good public policy decisions ? SED is the expert on safety and believes 330 psi is appropriate. PG&E's nationally renowned expert Kiefner and Associates found 330 psi to be prudent and acceptable. Should a City that hires it's own third party expert who says something significantly different trump these experts because they simply don't like the result ? If so, it is setting a dangerous precedent for every City that doesn't like something in their neighborhood to jeopardize the safety and well being of others elsewhere on the system.

>  
> I'm sorry to rant. Let me see what more I can get tomorrow.

>  
> Brian K. Cherry  
> PG&E Company  
> VP, Regulatory Relations  
> 77 Beale Street  
> San Francisco, CA. 94105  
> (415) 973-4977

> On Dec 18, 2013, at 7:14 PM, "Florio, Michel Peter" <MichelPeter.Florio@cpuc.ca.gov<<mailto:MichelPeter.Florio@cpuc.ca.gov>>> wrote:

>  
> Brian - this situation is still touch and go given the full court press by San Carlos. I am planning a lengthy explanation in my presentation of the item. It would really help if I had a bit more technically sophisticated explanation of why operating at 240 psi as proposed by San Carlos is no better than operating at 125 as today. I think I understand but want to be sure. Also, San Carlos believes that the valves on Line 147 are automated. I don't think that's true, or if it is, the automation is only shut down and not opening or regulating the flow - is that correct? If someone could get me this information by email prior to the meeting tomorrow it would be really great, but of course I understand the timing problem.

> Amazing how I've become "an apologist for PG&E" in just three short years, isn't it? THANKS, Mike

>  
> From: Cherry, Brian K [<mailto:BKC7@pge.com>]  
> Sent: Wednesday, December 18, 2013 12:13 PM  
> To: Florio, Michel Peter  
> Subject: RE: Line 147 Decision

> Yes. That's the simple answer. And it is preventing safety work in other communities from being done.

>  
> From: Florio, Michel Peter [<mailto:MichelPeter.Florio@cpuc.ca.gov>]  
> Sent: Wednesday, December 18, 2013 12:10 PM  
> To: Cherry, Brian K  
> Subject: RE: Line 147 Decision

>  
> Yeah, I think I get it: in order to function effectively, 147 would have to be at the same pressure as the other interconnected lines - correct? Dana Williamson from the Gov's office may be calling Tony to ask similar questions, so you should probably warn him. Nothing

like trying to "fix" things the day before the meeting!! Let sanity prevail. . . . .

>

> From: Cherry, Brian K [<mailto:BKC7@pge.com>]  
> Sent: Wednesday, December 18, 2013 11:12 AM  
> To: Florio, Michel Peter  
> Subject: RE: Line 147 Decision

>

> If it were only so simple.

>

> From: Florio, Michel Peter [<mailto:MichelPeter.Florio@cpuc.ca.gov>]  
> Sent: Wednesday, December 18, 2013 10:59 AM  
> To: Cherry, Brian K  
> Subject: RE: Line 147 Decision

>

> We want to go ahead but now the Governor's office is asking if we can somehow "compromise" with the City on 240 psi, which is the number they think they can live with. Mike and I are very leery since we have no basis for that number and don't know the impacts. What would you think if I ask from the dias that PG&E voluntarily limit to 240 unless absolutely necessary to avoid bigger problems? Just trying to find a way to move forward . . . . Mike

>

> From: Cherry, Brian K [<mailto:BKC7@pge.com>]  
> Sent: Wednesday, December 18, 2013 10:56 AM  
> To: Khosrowjah, Sepideh; Florio, Michel Peter  
> Subject: Line 147 Decision

>

> Sepideh/Mike - is the decision a go for the Business Meeting or do you expect it to be held ?

>

> \_\_\_\_\_

> PG&E is committed to protecting our customers' privacy.  
> To learn more, please visit <http://www.pge.com/about/company/privacy/customer/>

> \_\_\_\_\_

>

> \_\_\_\_\_

> PG&E is committed to protecting our customers' privacy.  
> To learn more, please visit <http://www.pge.com/about/company/privacy/customer/>

> \_\_\_\_\_

>

> \_\_\_\_\_

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> To learn more, please visit <http://www.pge.com/about/company/privacy/customer/>

> \_\_\_\_\_

>

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> To learn more, please visit <http://www.pge.com/about/company/privacy/customer/>

PG&E is committed to protecting our customers' privacy.

To learn more, please visit <http://www.pge.com/about/company/privacy/customer/>

From: Cherry, Brian K  
Sent: 12/19/2013 7:17:54 AM  
To: Michel Florio (mike.florio@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: Fwd: Need time sensitive help tonight/early tmrw

Mike - here is the info on the valves that is a much more precise in its answer. Good luck today. This is why they pay you the big bucks !

Brian K. Cherry  
PG&E Company  
VP, Regulatory Relations  
77 Beale Street  
San Francisco, CA. 94105  
(415) 973-4977

Begin forwarded message:

**From:** "Doll, Laura" <[LRDD@pge.com](mailto:LRDD@pge.com)>  
**Date:** December 18, 2013 at 9:09:06 PM PST  
**To:** "Singh, Sumeet" <[S1St@pge.com](mailto:S1St@pge.com)>, "Johnson, Kirk" <[MKJ2@pge.com](mailto:MKJ2@pge.com)>, "Christopher, Melvin J. (GSO)" <[M6CE@pge.com](mailto:M6CE@pge.com)>  
**Cc:** "Cherry, Brian K" <[BKC7@pge.com](mailto:BKC7@pge.com)>, "Yura, Jane" <[JKY1@pge.com](mailto:JKY1@pge.com)>  
**Subject: Re: Need time sensitive help tonight/early tmrw**

Great explanation Sumeet.

I believe Brian can easily use this to answer Florio's question.

Brian will certainly let us know if he needs more.

Thanks for your always prompt responses!!

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**From:** Singh, Sumeet  
**Sent:** Wednesday, December 18, 2013 09:02 PM  
**To:** Doll, Laura; Johnson, Kirk; Christopher, Melvin J. (GSO)  
**Cc:** Cherry, Brian K; Yura, Jane  
**Subject:** RE: Need time sensitive help tonight/early tmrw

**Laura,**

Brian's responses regarding Commissioner Florio's questions are spot on. Below is additional information regarding the automated valves associated with L-147:

<!--[if !supportLists]-->• <!--[endif]-->Construction for automating the valves on either ends of L-147 has been completed. These valves are **not** pressure regulators (or controlling devices) but are full open/close valves.  
<!--[if !supportLists]-->• <!--[endif]-->Valves **cannot** be put into operation (or commissioned) until the pressure is the same (or equalized) on both sides of the valve meaning that the L-147 pressure has to be raised to be the same as that of L-101 and L-109 & L-132 so that a signal to the valve can be sent from Gas Control to

ensure these valves can be opened and closed completely as part of the commissioning process.

<!--[if !supportLists]-->• <!--[endif]-->Automated valves will lose their purpose and will have to remain in the closed position if the pressure in L-147 is lower than that of L-101 and L-109 & L-132 which would be analogous to having a manual valve.

Hope this helps and please let me know if you have any questions, require additional information or would like to discuss further. Thank you.

**Kirk and Mel,**

Please feel free to add or modify the aforementioned response.

Thank you.

Sumeet

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**From:** Doll, Laura  
**Sent:** Wednesday, December 18, 2013 8:32 PM  
**To:** Johnson, Kirk; Singh, Sumeet  
**Cc:** Cherry, Brian K; Yura, Jane  
**Subject:** Need time sensitive help tonight/early tmrw

Kirk and Sumeet

When you follow this long string of emails you will see that Comm Florio is trying to help. We need to make sure he has the right facts -- and the message has to be in short, simple terms.

I just tried to call Mel and he didn't answer; he may be in another time zone and unavailable. But I know that you two can answer these questions and/or clarify if there are any major errors in Brian's hard hitting argument.

Sorry for the short turnaround. But this is THE moment! If we can pull this across tomorrow it will be a hugely important precedent.

Laura

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**From:** Cherry, Brian K  
**Sent:** Wednesday, December 18, 2013 08:06 PM  
**To:** Doll, Laura; Christopher, Melvin J. (GSO); Allen, Meredith  
**Cc:** Bottorff, Thomas E  
**Subject:** Fwd: Line 147 Decision

Also, see my follow up answer to Mike on valves. Please key he know of this isn't correct.

Brian K. Cherry  
PG&E Company  
VP, Regulatory Relations  
77 Beale Street  
San Francisco, CA. 94105  
(415) 973-4977

Begin forwarded message:

**From:** "Cherry, Brian K" <[BKC7@pge.com](mailto:BKC7@pge.com)>  
**Date:** December 18, 2013 at 8:05:11 PM PST  
**To:** "Florio, Michel Peter" <[MichelPeter.Florio@cpuc.ca.gov](mailto:MichelPeter.Florio@cpuc.ca.gov)>  
**Subject: Re: Line 147 Decision**

See, I ranted so much I forgot you had another question.

The valves that control the operation between lines 101, 109 and 132 are manual valves. They require people on site and manually ratcheting down or up of pressure with pressure gauges that need to be applied. Crews need to be called in up to 8 hours in advance to make it work. The pressure is increased upwards during that time period. They are not automatic nor are they remotely controlled (an important distinction). Automatic valves are sensitive to pressure changes (ex. A drop in pressure caused by rupture from a seismic event). Remotely controlled valves can be opened or shut through SCADA at our Gas Control Center in San Ramon. Ideally, some day, if customers are willing to pay and regulators approve, most valves would be remotely controlled. Most valves on our system and SoCalGas' are not.

The valves associated with Line 147 are not remotely controlled nor are they automatic. They are manual. I'm happy to take San Carlos out to look at them.

Pretty amazing what I retained from working at SoCalGas for 17 years !

Brian K. Cherry  
PG&E Company  
VP, Regulatory Relations  
77 Beale Street  
San Francisco, CA. 94105  
(415) 973-4977

On Dec 18, 2013, at 7:52 PM, "Florio, Michel Peter" <[MichelPeter.Florio@cpuc.ca.gov](mailto:MichelPeter.Florio@cpuc.ca.gov)> wrote:

Thank you Brian -- you are far from the only one ranting today!! This all makes sense to me. The only other loose end that I see is the City's claim that they were told automatic valves had already been installed on Line 147. I think those may have been the ones planned for this month, but a little more clarification on what valves exist and what they can do would help. No rest for the weary! Mike

-----Original Message-----

From: Cherry, Brian K [<mailto:BKC7@pge.com>]  
Sent: Wednesday, December 18, 2013 7:43 PM  
To: Florio, Michel Peter  
Subject: Re: Line 147 Decision

Let me see what I can do.

I believe the simple answer is that Operating at 240 psi doesn't allow line 147 to be used as a crosstie with 101, 109 and 132, which therefore limits the ability to operate the lines efficiently and safely under high stress conditions. I believe under APD and even CWD conditions, that a rupture from a third party dig in on any of those feeder lines with line 147 at 240 psi would result in core and noncore curtailment in the northern peninsula.

San Carlos would not be effected unduly but core and noncore residents in SFO would be without gas. During last weeks cold spell, we came close to just that situation with a sewer replacement project in the Peninsula. Keeping line 147 below the 330 psi operating standards also doesn't allow us to isolate sections and spurs off 101, 109 and 132 in a manner to install new automatic valves for needed seismic work, prepare and institute In line inspection pigging or do needed pipeline replacement work in other cities and municipalities. We have already cancelled work in some cities and are likely to cancel more work planned for 2014 on the Peninsula.

Is it good public policy to have one City disadvantage everyone else with no concern for the greater public good ? More importantly, who are the experts that we are to rely on for good public policy decisions ? SED is the expert on safety and believes 330 psi is appropriate. PG&E's nationally renowned expert Kiefner and Associates found 330 psi to be prudent and acceptable. Should a City that hires it's own third party expert who says something significantly different trump these experts because they simply don't like the result ? If so, it is setting a dangerous precedent for every City that doesn't like something in their neighborhood to jeopardize the safety and well being of others elsewhere on the system.

I'm sorry to rant. Let me see what more I can get tomorrow.

Brian K. Cherry  
PG&E Company  
VP, Regulatory Relations  
77 Beale Street  
San Francisco, CA. 94105  
(415) 973-4977

On Dec 18, 2013, at 7:14 PM, "Florio, Michel Peter"  
<[MichelPeter.Florio@cpuc.ca.gov](mailto:MichelPeter.Florio@cpuc.ca.gov)<<mailto:MichelPeter.Florio@cpuc.ca.gov>>> wrote:

Brian - this situation is still touch and go given the full court press by San Carlos. I am planning a lengthy explanation in my presentation of the item. It would really help if I had a bit more technically sophisticated explanation of why operating at 240 psi as proposed by San Carlos is no better than operating at 125 as today. I think I understand but want to be sure. Also, San Carlos believes that the valves on Line 147 are automated. I don't think that's true, or if it is, the automation is only shut down and not opening or regulating the flow - is that correct? If someone could get me this information by email prior to the meeting tomorrow it would be really great, but of course I understand the timing problem.

Amazing how I've become "an apologist for PG&E" in just three short years, isn't it? THANKS, Mike

From: Cherry, Brian K [<mailto:BKC7@pge.com>]  
Sent: Wednesday, December 18, 2013 12:13 PM  
To: Florio, Michel Peter  
Subject: RE: Line 147 Decision

Yes. That's the simple answer. And it is preventing safety work in other communities from being done.

From: Florio, Michel Peter [<mailto:MichelPeter.Florio@cpuc.ca.gov>]  
Sent: Wednesday, December 18, 2013 12:10 PM  
To: Cherry, Brian K  
Subject: RE: Line 147 Decision



Yeah, I think I get it: in order to function effectively, 147 would have to be at the same pressure as the other interconnected lines - correct? Dana Williamson from the Gov's office may be calling Tony to ask similar questions, so you should probably warn him. Nothing like trying to "fix" things the day before the meeting!! Let sanity prevail. . . .

From: Cherry, Brian K [<mailto:BKC7@pge.com>]  
Sent: Wednesday, December 18, 2013 11:12 AM  
To: Florio, Michel Peter  
Subject: RE: Line 147 Decision

If it were only so simple.

From: Florio, Michel Peter [<mailto:MichelPeter.Florio@cpuc.ca.gov>]  
Sent: Wednesday, December 18, 2013 10:59 AM  
To: Cherry, Brian K  
Subject: RE: Line 147 Decision

We want to go ahead but now the Governor's office is asking if we can somehow "compromise" with the City on 240 psi, which is the number they think they can live with. Mike and I are very leery since we have no basis for that number and don't know the impacts. What would you think if I ask from the dias that PG&E voluntarily limit to 240 unless absolutely necessary to avoid bigger problems? Just trying to find a way to move forward . . . . Mike

From: Cherry, Brian K [<mailto:BKC7@pge.com>]  
Sent: Wednesday, December 18, 2013 10:56 AM  
To: Khosrowjah, Sepideh; Florio, Michel Peter  
Subject: Line 147 Decision

Sepideh/Mike - is the decision a go for the Business Meeting or do you expect it to be held ?

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From: Cherry, Brian K  
Sent: 12/19/2013 10:11:04 AM  
To: Michel Peter Florio (MichelPeter.Florio@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: Fwd: Response to Brian Turner about Line 147 cold weather operations

FYI.

Brian K. Cherry  
PG&E Company  
VP, Regulatory Relations  
77 Beale Street  
San Francisco, CA. 94105  
(415) 973-4977

Begin forwarded message:

**From:** "Kiyota, Travis" <[TTK3@pge.com](mailto:TTK3@pge.com)>  
**Date:** December 19, 2013 at 10:08:28 AM PST  
**To:** "Stavropoulos, Nickolas" <[N1SL@pge.com](mailto:N1SL@pge.com)>, "Soto, Jesus (SVP)" <[J81K@pge.com](mailto:J81K@pge.com)>, "Johnson, Kirk" <[MKJ2@pge.com](mailto:MKJ2@pge.com)>, "Yura, Jane" <[JKY1@pge.com](mailto:JKY1@pge.com)>, "Park, Hyun" <[Hyun.Park@pge-corp.com](mailto:Hyun.Park@pge-corp.com)>, "Hartman, Sanford (Law)" <[SLHb@pge.com](mailto:SLHb@pge.com)>, "Pruett, Greg S" <[Greg.Pruett@pge-corp.com](mailto:Greg.Pruett@pge-corp.com)>, "Bedwell, Ed" <[ETB1@pge.com](mailto:ETB1@pge.com)>, "Lavinson, Melissa A" <[Melissa.Lavinson@pge-corp.com](mailto:Melissa.Lavinson@pge-corp.com)>, "Fitzpatrick, Tim" <[TXFo@pge.com](mailto:TXFo@pge.com)>, "Bottorff, Thomas E" <[TEB3@pge.com](mailto:TEB3@pge.com)>, "Cherry, Brian K" <[BKC7@pge.com](mailto:BKC7@pge.com)>, "Earley, Anthony" <[anthony.earley@pge-corp.com](mailto:anthony.earley@pge-corp.com)>, "Johns, Christopher" <[CPJ2@pge.com](mailto:CPJ2@pge.com)>, "Horner, Trina" <[TNHc@pge.com](mailto:TNHc@pge.com)>, "Doll, Laura" <[LRDD@pge.com](mailto:LRDD@pge.com)>, "Burt, Helen" <[HAB6@pge.com](mailto:HAB6@pge.com)>, "Giammona, Laurie" <[LMGn@pge.com](mailto:LMGn@pge.com)>, "Christopher, Melvin J. (GSO)" <[M6CE@pge.com](mailto:M6CE@pge.com)>, "Vallejo, Alejandro (Law)" <[AXVU@pge.com](mailto:AXVU@pge.com)>  
**Cc:** "Ittner, Mary Ellen" <[MEI2@pge.com](mailto:MEI2@pge.com)>, "Hernandez, Brandon J" <[BJHn@pge.com](mailto:BJHn@pge.com)>, "Snapper, Greg" <[G1Sq@pge.com](mailto:G1Sq@pge.com)>  
**Subject: RE: Response to Brian Turner about Line 147 cold weather operations**  
**Reply-To:** "Kiyota, Travis" <[TTK3@pge.com](mailto:TTK3@pge.com)>

Team:

We have confirmed that the City Manager of Redwood City in representing his Mayor and City Council called Brian Turner of the CPUC late yesterday to relay their position regarding Line 147. They believe that because the CPUC has completed the necessary reviews to validate the safety of the line, the Commission should allow it to be put back in service at its original operating pressure. Redwood City understands the delays to important in-line inspection work and other potential risks if the pressure is not allowed to be raised. They do agree with San Carlos that Line 147 should be in-line inspected as soon as possible.

As you may recall, Redwood City is the largest city in San Mateo County.

Thanks.

Travis

----- Original message -----

From: "Doll, Laura" <[LRDD@pge.com](mailto:LRDD@pge.com)>

Date: 12/16/2013 2:40 PM (GMT-08:00)

To: "Bottorff, Thomas E" <[TEB3@pge.com](mailto:TEB3@pge.com)>,"Cherry, Brian K" <[BKC7@pge.com](mailto:BKC7@pge.com)>,"Soto, Jesus (SVP)" <[J81K@pge.com](mailto:J81K@pge.com)>,"Stavropoulos, Nickolas" <[N1SL@pge.com](mailto:N1SL@pge.com)>,"Yura, Jane" <[JKY1@pge.com](mailto:JKY1@pge.com)>,"Johnson, Kirk" <[MKJ2@pge.com](mailto:MKJ2@pge.com)>,"Vallejo, Alejandro (Law)" <[AXVU@pge.com](mailto:AXVU@pge.com)>,"Christopher, Melvin J. (GSO)" <[M6CE@pge.com](mailto:M6CE@pge.com)>,"Ittner, Mary Ellen" <[MEI2@pge.com](mailto:MEI2@pge.com)>,"Hartman, Sanford (Law)" <[SLHb@pge.com](mailto:SLHb@pge.com)>,"Kiyota, Travis" <[TTK3@pge.com](mailto:TTK3@pge.com)>,"Kauss, Kent" <[KWK3@pge.com](mailto:KWK3@pge.com)>,"Pruett, Greg S" <[Greg.Pruett@pge-corp.com](mailto:Greg.Pruett@pge-corp.com)>,"Lavinson, Melissa A" <[Melissa.Lavinson@pge-corp.com](mailto:Melissa.Lavinson@pge-corp.com)>,"Fitzpatrick, Tim" <[TXFo@pge.com](mailto:TXFo@pge.com)>,"Bedwell, Ed" <[ETB1@pge.com](mailto:ETB1@pge.com)>,"Horner, Trina" <[TNHc@pge.com](mailto:TNHc@pge.com)>,"Allen, Meredith" <[MEAe@pge.com](mailto:MEAe@pge.com)>

Cc: "Brown, Rick (GSO)" <[RCB3@pge.com](mailto:RCB3@pge.com)>,"Ramaiya, Shilpa R" <[SRRd@pge.com](mailto:SRRd@pge.com)>,"Deniston, Laurence" <[LCD1@pge.com](mailto:LCD1@pge.com)>,"Gibson, Bill (Codes)" <[WLG3@pge.com](mailto:WLG3@pge.com)>,"Yee, Frances" <[FSC2@pge.com](mailto:FSC2@pge.com)>,"Patni, Sonal" <[S1PW@pge.com](mailto:S1PW@pge.com)>,"Rose, Natasha" <[NxPq@pge.com](mailto:NxPq@pge.com)>

Subject: FW: Response to Brian Turner about Line 147 cold weather operations

Here is the final information Mel and his team put together to respond to the questions we got this weekend from Brian Turner. I believe that Turner is responding to communications he has had with the City of San Carlos.

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**From:** Doll, Laura

**Sent:** Monday, December 16, 2013 2:35 PM

**To:** Turner, Brian

**Cc:** Cherry, Brian K; [elizaveta.malashenko@cpuc.ca.gov](mailto:elizaveta.malashenko@cpuc.ca.gov); Christopher, Melvin J. (GSO)

**Subject:** FW: Response to Brian Turner

Brian

Here is our response to the questions you raised this weekend about Line 147. Sorry for the delay!

Let us know if you need more information.

Thanks

Laura

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**From:** Christopher, Melvin J. (GSO)

**Sent:** Monday, December 16, 2013 2:27 PM

Good afternoon Brian,

I am glad to respond to your questions regarding the operation of L-147 during the recent cold weather. In addition, I want to describe the importance of L-147 as a transmission cross tie in the Peninsula local transmission network which is the original purpose of the line.

Your first question relates to the performance of L-147 during the recent cold snap. PG&E has operated L-147 as a distribution feeder main at pressures not to exceed 125 psig, consistent with ALJ Bushey's October 20, 2013 Order. In this operating configuration, the sole function of L-147 is to deliver gas to San Carlos and Redwood City at pressures sufficient to supply the 4 distribution regulator stations connected to the line – it serves no other function at this time. The good news is that, during the recent cold weather, the 4 district regulator stations connected to L-147 were adequately supplied to meet the demands in San Carlos and Redwood City. However, even though PG&E had record send out during this period, the temperatures were not unusually cold in the San Francisco Peninsula. The coldest temperatures occurred on December 9. On that day, temperatures from San Jose to San Francisco were not significantly above PG&E's Cold Winter Day design criteria (CWD). CWD is a significant standard for non-core customers because it is the temperature at which the possibility of curtailment exists for those customers. For San Carlos and Redwood City, there is only one small non-core customer so we expected to have no difficulty meeting these demands in these communities.

In your second question you are essentially asking if we can project future performance based on recent experience. While we are continuously monitoring the performance of the line and are modelling expectations, this is a brand new operating mode for us. Demand in San Carlos and Redwood City is a function of weather. While we anticipate that the current configuration of L-147 will support a higher load in the distribution system, it is untested. It is important to understand, however, that the question of reliability in this operating configuration during cold weather extends well beyond San Carlos and Redwood City. In fact, this operating configuration creates risk of curtailment for non-core customers and, in extreme circumstances, it creates risk for core outages on the Peninsula. Operating as a DFM removes L-147 from its intended purpose as a cross tie in the Peninsula local transmission system. As a cross tie, L-147 balances load between the parallel transmission lines 101, 109, and 132. In this service, the Peninsula transmission lines have some redundancy in the event that one of the lines is taken out of service. Service interruptions can happen at any time – a dig in or regulator malfunctions are 2 examples of such unpredictable interruptions. If, for example, a segment of L-101 was taken out of service unexpectedly without L-147 operating as a cross tie, thousands or even tens of thousands of customers could lose gas service. In the worst case, under high demands, losing a segment of L-101 could lead to the loss of core and non-core customers throughout the Peninsula, including in San Francisco. In this instance, the communities of San Carlos and Redwood City would still have gas service but many thousands of customers in the Peninsula would not which is not the intended result of this operating configuration.

While ALJ Bushey's Order recognizes that there are conditions under which PG&E should operate L-147 at prior transmission pressures, increasing the pressure on the system requires manual operations that take time to implement. By the time crews can be dispatched, respond to the site, and operate the valves needed to raise L-147 pressures, pressures on the Peninsula could reach levels leading to the customer outages described above.

Since reducing the pressure on L-147 so it doesn't exceed 125 psig, PG&E has had to put on hold safety projects on the Peninsula. The commissioning and placing into service the new automated valves at Commercial Road station was scheduled and put on hold. In addition, next year's plans to perform in line inspections on L-147 and L-101 are now questionable and future pipeline replacement work on Peninsula transmission lines could be in jeopardy.

It is my view, as the person responsible for the real time operations of the system, that operating L-147 as a DFM creates more risk than operating it at its previous transmission pressures.

Sincerely,

Mel Christopher

Sr. Director, Gas System Operations