

Docket: : A.13-12-012
Exhibit Number : ORA-04A
Commissioner : C. Peterman
ALJ : J. Wong
Witness : K.C. Lee



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

**Report on the Results of Operations
for
Pacific Gas and Electric Company
Test Year 2015
Gas Transmission and Storage Rate Case**

Chapter 4A
Transmission Pipe Integrity and Emergency Response
Programs:
Valve Automation
And
Inoperable and Hard-to-Operate Valves

San Francisco, California
August 11, 2014

TABLE OF CONTENTS

I. INTRODUCTION	1
II. SUMMARY OF RECOMMENDATIONS	1
III. GENERAL OVERVIEW	2
IV. DISCUSSION / ANALYSIS OF VALVE AUTOMATION.....	3
V. DISCUSSION / ANALYSIS OF INOPERABLE AND HARD-TO- OPERATE VALVES	3

- 1 • Adopt ORA’s recommended capital expenditures of \$4.029 million for the

2 Inoperable and Hard-to-Operate Valves program instead of PG&E’s

3 proposed \$7.067 million because the valves PG&E considers being on the

4 verge of becoming inoperable should be repaired under routine

5 maintenance, and funding for these valves should not be included in this

6 program.

7 Table 4A-1
 8 Transmission Pipe Integrity and Emergency Response Program Capital Expenditures
 9 for 2015
 10 Valve Automation
 11 (In Thousands of Dollars)
 12

Description (a)	ORA Recommended (b)	PG&E Proposed ³ (c)	Amount PG&E>DRA (d=c-b)
Valve Automation	\$52,502	\$52,502	\$0

13
 14
 15 Table 4A-2
 16 Inoperable and Hard-to-Operate Valves Capital Expenditures for 2013-2015
 17 (In Thousands of Dollars)

Description	ORA Recommended			PG&E Proposed ⁴		
	2013	2014	2015	2013	2014	2015
Inoperable and Hard-to-Operate Valves	\$(681)	\$3,703	\$4,029	\$(681)	\$3,703	\$7,067

18 **III. GENERAL OVERVIEW**

19 This exhibit presents the results of ORA’s review of PG&E’s proposed capital
 20 expenditures to automate valves and replace inoperable and hard-to-operate valves.

³ PG&E Prepared Testimony, Volume 1 (Barnes), p. 4A-69, Table 4A-22.

⁴ PG&E Prepared Testimony, Volume 1 (Barnes), p. 4A-81, Table 4A-28.

1 **IV. DISCUSSION / ANALYSIS OF VALVE AUTOMATION**

2 ORA does not recommend any adjustment in PG&E's proposed expenditures in
3 valve automation.

4 Table 4A-3 summarizes PG&E's request and ORA's recommendation on
5 capital expenditures for Valve Automation.

6 Table 4A-3
7 Transmission Pipe Integrity and Emergency Response Program Capital Expenditures for
8 2015
9 Valve Automation
10 (In Thousands of Dollars)
11

Description (a)	ORA Recommended (b)	PG&E Proposed ⁵ (c)	Amount PG&E>DRA (d=c-b)
Valve Automation	\$52,502	\$52,502	\$0

12 **V. DISCUSSION / ANALYSIS OF INOPERABLE AND HARD-TO-**
13 **OPERATE VALVES**

14 This section discusses the PG&E's proposed capital expenditures to replace
15 inoperable and hard-to-operate valves.

16 Table 4A-4 summarizes PG&E's request and ORA's recommendation on
17 capital expenditures for Inoperable and Hard-to-Operate Valves.

18

19

20

21

⁵ PG&E Prepared Testimony, Volume 1 (Barnes), p. 4A-69, Table 4A-22.

1 Table 4A-4
 2 Transmission Pipe Integrity and Emergency Response Program Capital Expenditures for
 3 2013-2015
 4 Inoperable and Hard-to-Operate Valves
 5 (In Thousands of Dollars)

Description	ORA Recommended			PG&E Proposed ⁶		
	2013	2014	2015	2013	2014	2015
Inoperable and Hard-to-Operate Valves	\$(681)	\$3,703	\$4,029	\$(681)	\$3,703	\$7,067

6
 7 PG&E plans to “proactively” repair or replace valves PG&E considered being
 8 on the verge of becoming inoperable, in addition to the replacement of the
 9 inoperable and hard-to-operate valves as required by state and federal regulations.⁷
 10 PG&E’s forecast jumps from a negative capital expenditure requirement in 2013 to
 11 \$3.7 million in 2014 and \$7.1 million in 2015 because of the inclusion of valves that
 12 do not require immediate replacement. PG&E has not provided any justification for
 13 not repairing or replacing valves being on the verge of becoming inoperable under
 14 routine maintenance programs. Valves that are on the verge of becoming inoperable
 15 should have been repaired under normal routine maintenance. They should not be
 16 slated for immediate replacement in this program. ORA recommends that those
 17 valves PG&E considers being on the verge of becoming inoperable should be
 18 repaired under routine maintenance, and these valves should not be included in this
 19 program.

20 PG&E states that the annual rate of valves becoming inoperable or hard-to-
 21 operate is approximately 0.3 percent. PG&E has not indicated any operational
 22 issues by only replacing these valves as needed. PG&E provided ORA with the five-
 23 year historical of actual recorded capital expenditures from 2009 to 2013 through
 24 discovery. These data are tabulated in Table 4A-5 below. The average of the five-
 25 year data is \$4.029 million. For the current GT&S rate case period, ORA

⁶ PG&E Prepared Testimony, Volume 1 (Barnes), p. 4A-81, Table 4A-28.

⁷ PG&E Prepared Testimony, Volume 1 (Barnes), p. 4A-78, line 31 to p. 4A-79, lines 1-2.

1 recommends using this \$4.029 million as the test year capital expenditures for
2 Inoperable and Hard-to-Operate valves as shown in Tables 4A-2 and 4A-4.

3 Table 4A-5
4 2008-2013 Recorded Data for Inoperable and Hard-to-Operate Valves
5 (in Thousands of Dollars)

Description	2009	2010	2011	2012	2013
Inoperable and Hard-to-Operate Valves	\$1,345	\$2,743	\$1,383	\$4,842	\$9,830

6 Source: 2009 and 2010 data from PG&E Response to ORA-DR-011, Q3. 2011 and 2012 data from
7 PG&E Prepared Testimony, Table 4A-28, page 4A-81. 2013 data from PG&E Response to ORA-DR-
8 033, Q4.