

August 6, 2014

**Advice 3495-G-A**

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Supplemental: Process Change Regarding Replacement of Gas Service Lines and Re-Use of Partial Gas Service Lines (Stubs) for Customer-Initiated Work**

**Purpose**

The purpose of this Supplemental Advice Letter is to correct an error in the number of Stubs reported damaged in 2013.

This Supplemental Advice filing supersedes Advice Letter 3495-G in its entirety.

Pacific Gas and Electric Company (PG&E) proposes to revise its policies with regard to the replacement of gas service lines and the re-use of partial gas service lines when a customer or applicant initiates a change to service facilities under Gas Rule 16.<sup>1</sup>

PG&E's existing customers currently initiate – on average – approximately 3,300 requests for changes to their existing gas service facilities each year. These changes result in PG&E intercepting and cutting the service line either at the property line or at the connection to the distribution main (generally in a street). Where the service line is severed at the property boundary, the remaining portion of the service from the distribution main to the property boundary is called a “stub.” The stub can then sometimes be re-used for the new or relocated service.

PG&E's proposed new policy will create fewer new stubs and limit the re-use of existing stubs. Under the proposed policy, for example, when PG&E cuts off a service made up of material which does not meet the standard for re-use, the service line will be cut off at

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<sup>1</sup> PG&E is seeking Commission approval of this change in policy in light of Commission decisions such as *California Building Industry Association v. Southern California Edison Company*, D.08-08-001, holding that a utility should seek Commission approval prior to a change of utility policy can result in line extension customers having to pay additional funds for charges for which they are liable. See also *Barratt American, Inc. v. Southern California Edison Company*, D.01-03-051.

the distribution junction and no new stub will be created. Further, PG&E will no longer re-use existing stubs made of steel, Aldyl-A, copper and pre-1985 polyethylene pipe, or which otherwise do not meet new/current standards, and these will similarly be terminated at the distribution connection. PG&E believes this change will improve efficiency and safety but it has the potential to increase the cost to some customers.<sup>2</sup>

### **Background**

Customers, both residential and non-residential, occasionally need PG&E to terminate gas delivery to a premise in order for them to perform various construction-related activities. These activities include:

- Renovation or upgrade resulting in increased gas usage (beyond the capacity of the current service line)
- Relocation of the meter or service delivery point
- Demolition of the current customer structures/facilities and/or change in use of the site
- New construction on the site which conflicts with the existing gas service line

### **PG&E's Current Policy**

PG&E currently performs these cut-offs upon notification from the customer or demolition contractor, or when a qualified employee happens to observe demolition or construction activities at a site with active/pressurized gas service. The service is then immediately scheduled for cut-off, which can be performed either at the property boundary or at the distribution main. PG&E often does not have sufficient time to acquire necessary permits from local governments for street excavation (which is usually necessary to cut a gas service line at the connection to the distribution main). PG&E therefore often makes an initial service cut at the property boundary, leaving the "stub" in place between the property boundary and the distribution main. When the customer requests establishment or re-establishment of service, PG&E then assesses the viability of the stub for re-use.

This process has allowed PG&E to be more responsive to customer requests and avoid halting demolition work, but also results in higher costs to ratepayers by creating idle "stubs" that must be tracked and maintained, then later assessed for re-use. Additionally, these stubs are susceptible to dig-ins by the customer or their contractor during their project. PG&E recorded 171 gas stub dig-ins for three-year period including 2013, with 60 in 2013 alone.

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<sup>2</sup> Under Gas Rule 16.F.1.a, when a service needs reinforcement it is handled as a new service extension, and under Rule 16.F.2.b, the customer is responsible for the estimated cost of any relocation or rearrangement at the customer's request.

### **PG&E's Proposed Policy**

PG&E's proposed policy would require that a newly-created stub be assessed for re-use at the time the cut-off is requested. When the stub is determined to be unsuitable for re-use, PG&E would require the entire service be cut off at the connection to the distribution main. Circumstances which would render a stub unsuitable for re-use would include:

- Inadequate size/capacity for the proposed new load, or a size/capacity below current standard for new installations
- New service delivery point on the property not in a straight line perpendicular to the distribution line (PG&E Gas Rule 16, C, 1, a. and b.).
- Steel, Aldyl-A, copper and pre-1985 polyethylene materials that are no longer used in new installations

In those circumstances, the customer's work could be delayed as PG&E would not be immediately cutting off service at the property line, but may need to get permits from the city or county to excavate in the street to cut off at the distribution main.

### **Safety and Reliability**

PG&E believes that implementation of this new policy will enhance safety and over time reduce the risk of dig-ins to gas stubs. In addition, the stubs to be retired/removed consist of material or are located in such a way that they present a greater likelihood of material failure, or dig-in due to their non-standard location and/or route. Moreover, by replacing these services in their entirety, PG&E would be able to install a standard size service line perpendicular to the distribution main with an appropriately sized excess flow valve.

### **Customer Impacts**

The impacts on individual customers will depend upon specific circumstances.

Customers with reusable stubs: these customers should not see any incremental cost difference for gas service relocations, re-arrangements, or reinforcements and the current practice of gas service cut-offs at the property line. However, as is the case today, these customers may not have an excess flow valve installed on the rearranged service line.<sup>3</sup>

Customers without reusable stubs: these customers will see an incremental cost increase for gas service relocations, re-arrangements, or reinforcements due to the

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<sup>3</sup> Excess flow valves are installed at the connection to the distribution main, and hence are not installed when PG&E re-uses an existing stub.

implementation of this new safety standard. If the gas service being disconnected does not meet the criteria for re-use, the service will be cut off at the connection to the main and a new service connection would need to be established from the main to the meter. This will involve an increased amount of excavation, paving, and installation of gas service facilities (additional pipe). It also may delay the cut off of the service due to the need to perform work in the street (at the main). However, these customers and the public will benefit from new services that meet the latest PG&E design standards for safety and reliability, including the installation of excess flow valves, and the reduced risk of dig-in to the stub during the customer's construction project.

### **No Change in Tariff Application**

PG&E's proposed policy will not change PG&E's application of the tariffs. Under Gas Rule 16, any relocation at the customer's request will still be at the customer's expense per Gas Rule 16.F.2.b. and any service upgrades due to added load will be installed as a new Service Extension per Gas Rule 16.F.1.a.

The filing would not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.<sup>4</sup>

### **Protests**

Pursuant to CPUC General Order 96-B, Section 7.5.1, PG&E hereby requests the protest period be waived.

### **Effective Date**

PG&E requests that this Tier 2 supplemental advice filing become effective on August 14, 2014, which is the same requested effective date as advice letter 3495-G.

### **Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

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<sup>4</sup> In accordance with *California Building Industry Association v San Diego Gas and Electric Company*, D.05-01-005, cost factors and underlying assumptions and policies such as this are not "charges" or "rates" that trigger the applicability of Public Utilities Code sections 451 or 454.

*Meredith Allen /KHC*

Senior Director, Regulatory Relations

Attachments

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 G)**

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Kingsley Cheng

Phone #: (415) 973-5265

E-mail: k2c0@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3495-G-A**

**Tier: 2**

Subject of AL: **Supplemental: Process Change Regarding Replacement of Gas Service Lines and Re-Use of Partial Gas Service Lines (Stubs) for Customer-Initiated Work**

Keywords (choose from CPUC listing): Reliability

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: \_\_\_\_\_

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: **August 14, 2014**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: N/A

Pursuant to CPUC General Order 96-B, Section 7.5.1, PG&E hereby requests the protest period be waived.

**California Public Utilities Commission**

**Energy Division**

**EDTariffUnit**

**505 Van Ness Ave., 4<sup>th</sup> Flr.**

**San Francisco, CA 94102**

**E-mail: EDTariffUnit@cpuc.ca.gov**

**Pacific Gas and Electric Company**

**Attn: Meredith Allen**

**Senior Director, Regulatory Relations**

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**San Francisco, CA 94177**

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**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

AT&T	Douglass & Liddell	Occidental Energy Marketing, Inc.
Alcantar & Kahl LLP	Downey & Brand	OnGrid Solar
Anderson & Poole	Ellison Schneider & Harris LLP	Pacific Gas and Electric Company
BART	G. A. Krause & Assoc.	Praxair
Barkovich & Yap, Inc.	GenOn Energy Inc.	Regulatory & Cogeneration Service, Inc.
Bartle Wells Associates	GenOn Energy, Inc.	SCD Energy Solutions
Braun Blaising McLaughlin, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	SCE
California Cotton Ginners & Growers Assn	Green Power Institute	SDG&E and SoCalGas
California Energy Commission	Hanna & Morton	SPURR
California Public Utilities Commission	In House Energy	San Francisco Public Utilities Commission
California State Association of Counties	International Power Technology	Seattle City Light
Calpine	Intestate Gas Services, Inc.	Sempra Utilities
Casner, Steve	K&L Gates LLP	SoCalGas
Cenergy Power	Kelly Group	Southern California Edison Company
Center for Biological Diversity	Linde	Spark Energy
City of Palo Alto	Los Angeles County Integrated Waste Management Task Force	Sun Light & Power
City of San Jose	Los Angeles Dept of Water & Power	Sunshine Design
Clean Power	MRW & Associates	Tecogen, Inc.
Coast Economic Consulting	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Commercial Energy	Marin Energy Authority	TransCanada
Cool Earth Solar, Inc.	McKenna Long & Aldridge LLP	Utility Cost Management
County of Tehama - Department of Public Works	McKenzie & Associates	Utility Power Solutions
Crossborder Energy	Modesto Irrigation District	Utility Specialists
Davis Wright Tremaine LLP	Morgan Stanley	Verizon
Day Carter Murphy	NLine Energy, Inc.	Water and Energy Consulting
Defense Energy Support Center	NRG Solar	Wellhead Electric Company
Dept of General Services	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Division of Ratepayer Advocates	North America Power Partners	