

Decision 89 04 073

APR 26 1989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
Standard Pacific Gas Line )  
Incorporated for a certificate of )  
public convenience and necessity )  
to replace and enlarge pipeline )  
facilities. )

Application 86-08-038  
(Filed August 22, 1986;  
amended April 1, 1988)

**ORIGINAL**

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APR 27 1989

OPINION

I. Summary

We approve the application of Standard Pacific Gas Line Incorporated (StanPac) for a certificate of public convenience and necessity (CPCN) to replace 52.63 miles of 26-inch outside diameter, 500 pounds per square inch gauge (psig), pipe segments along its No. 2 natural gas transmission pipeline. The replacement program authorized in today's decision incorporates the terms and conditions of the Settlement Agreement dated December 28, 1988, and appended as Attachment A to this order.

II. Procedural Background

StanPac is a nonprofit carrier of natural gas through its pipeline system for Pacific Gas and Electric Company (PG&E).<sup>1</sup>

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<sup>1</sup> Prior to December 1988, StanPac reserved 6/7ths of the capacity of its pipeline for PG&E, with the remaining 1/7th share reserved for Chevron U.S.A (Chevron). In Decision (D.) 88-10-028 (Application (A.) 88-06-036) we authorized StanPac to sell Chevron's share to PG&E. Pursuant to that decision, PG&E acquired the StanPac No. 2 (SP-2) pipeline on December 30, 1988 and assumed the status of applicant in this proceeding.

StanPac previously operated under a CPCN granted by the Federal Energy Regulatory Commission (FERC). StanPac originally filed with the FERC an application for authority to replace sections of its SP-2 pipeline.

On December 4, 1985, this Commission issued Resolution No. L-234 asserting jurisdiction over StanPac and requiring StanPac to obtain a CPCN before commencing reconstruction of the SP-2 pipeline. StanPac then petitioned the FERC to allow the withdrawal of its FERC application. In May 1986, the FERC approved the withdrawal of StanPac's application.

StanPac then filed A.86-08-038 with this Commission to replace 17.4 miles of its SP-2 pipeline, consisting of two segments of existing 22-inch and 26-inch diameter pipe (one segment of 3.5 miles and one of 13.9 miles) with 36-inch diameter pipe. StanPac requested ex parte treatment of its application to replace the two pipeline segments pursuant to General Order 112-D. In its application, StanPac described these two replacements as part of a 10-year upgrade program for the SP-2 line. When completed, the program would replace 54.8 miles of pipe and increase the SP-2 pipeline transport capacity from 50 MMcf/d to 375 MMcf/d.

El Paso Natural Gas Company, Kern River Gas Transmission Company (Kern River), and Mohave Pipeline Company (Mohave) filed protests to A.86-08-038 alleging inadequate notice and failure to comply with environmental review procedures.

On November 14, 1986, the Commission issued an Interim Opinion, D.86-11-076, ordering StanPac to provide proper notice of A.86-08-38 and to submit a Proponent's Environmental Assessment (PEA) as required by Rule 17.1. The Commission also ordered that StanPac could make emergency repairs within the existing right-of-way as long as the Commission staff concurred that the repairs were necessary, and as long as the throughput capacity of the line was not increased.

In December 1986, StanPac requested authority to replace the 3.5 mile section with 36-inch pipe and the staff of the Service and Safety Branch found that the public safety required the replacement. On January 9, 1987, StanPac filed a petition to modify D.86-11-076 to obtain clarification on the meaning of "existing right-of-way." On January 16, 1987 StanPac filed its PEA.

On January 27, 1987, Kern River renewed its protest to StanPac's application for a CPCN. Kern River criticized StanPac's PEA in its failure to address the long-term environmental impacts of StanPac's 10-year upgrade program and other cumulative impacts of the project.

On March 25, 1987, the Commission issued D.87-03-080 clarifying the term "existing right-of-way" used in D.86-11-076. The Commission held that the existing right-of-way included a 35-foot adjacent strip of right-of-way acquired by StanPac in 1985. The Commission went on to order StanPac to amend A.86-08-038 to include all planned improvements to the entire SP-2 pipeline system from Brentwood terminal to Panoche junction and to file an amended PEA.

On April 1, 1987, the assigned Administrative Law Judge (ALJ) held a prehearing conference to schedule an environmental review procedure and to provide all parties with an opportunity to discuss the environmental impact report. StanPac proposed to submit the amended PEA in May 1987.

On August 10, 1987, StanPac filed a Motion for Expedited Approval of Emergency Replacement of Four Miles of Pipeline and Exemption from Environmental Requirements (Motion). StanPac stated in its Motion that the four-mile segment should be replaced and back in full operation by November 1, 1987. Mohave filed an Opposition to this Motion on August 18, 1987.

At a prehearing conference on September 18, 1987, the assigned ALJ informed StanPac that Public Utilities Code § 311(d)

precludes the Commission from issuing a decision sooner than 30 days following the filing and service of the ALJ's proposed decision. The ALJ concluded that the Commission could not issue a decision by November 1, 1987 if an evidentiary hearing was held. To accommodate StanPac's desire for an expeditious decision, the ALJ allowed StanPac to submit additional information to support its Motion in the form of affidavits.

On October 28, 1987, the Commission issued Interim D.87-10-082 granting StanPac's Motion. The decision to grant the motion was based on the safety concerns raised by the Service and Safety Branch, which met the Section 21060.3 emergency definition of "loss of, or damage to, life, health, property or essential public services."

On April 1, 1988, StanPac submitted its amendment to A.86-08-038 (Amended Application), along with a revised PEA (Amended PEA), pursuant to D.87-03-080. On April 30, 1988, the Amended Application was accepted as complete for filing.

On July 22, 1988, a prehearing conference was held, and the assigned ALJ set the schedule for evidentiary hearings. In December 1988, the Division of Ratepayer Advocates (DRA), PG&E, and StanPac informed the ALJ that a settlement agreement was being drafted to resolve the issues in this case. A further prehearing conference was held on December 19, 1988. By letter dated December 21, 1988, applicant consented to extend the one-year time limit for processing this application and completing the Final Environmental Impact Report (EIR), to allow the Commission time to consider the proposed settlement.<sup>2</sup> By ALJ ruling dated

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<sup>2</sup> Section 15108 of Title 14 of the California Code of Regulations and Section 65957 of the Government Code requires the Lead Agency to complete its permit processing and Final EIR

(Footnote continues on next page)

December 21, 1988, a new procedural schedule was adopted consistent with the Commission's Rules for Stipulations and Settlements.<sup>3</sup>

On January 17, 1989, DRA, StanPac, and PG&E filed a Joint Motion requesting the Commission to adopt the Settlement Agreement appended as Attachment A to this order. Among other things, the Settlement Agreement revised the project scope to eliminate all pipeline replacement projects which were not proposed due to safety considerations. (See Section II.B below.) Pursuant to Rule 51.4, parties not expressly joining in the settlement were given the opportunity to contest all or part of the stipulation. On February 10, 1989, Mohave filed a Statement of Non-Opposition to the Joint Motion. On February 24, PG&E filed a response to Mohave's Statement of Non-Opposition. No other comments or protests were filed.

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(Footnote continued from previous page)

certification within one year after the date the application was accepted as complete for filing. Both sections allow for a one time extension of not more than 90 days upon consent of the Lead Agency and the applicant. Without an extension, the Commission would have been required to issue a final decision on StanPac's application no later than April 30, 1989. Section 311 of the Public Utilities Code requires that the ALJ draft decision for matters which have been heard be published at least 30 days prior to the Commission's final decision. At the December 19, 1988 prehearing conference, the assigned ALJ conditioned her approval for delaying evidentiary hearings upon the applicant's consent to a 90-day extension. (See Transcript pp. 88-89.)

3 CPUC Rules of Practice and Procedures, Article 13.5, Rule 51.

## II. Project Description and Scope

### A. Location and Operating Characteristics

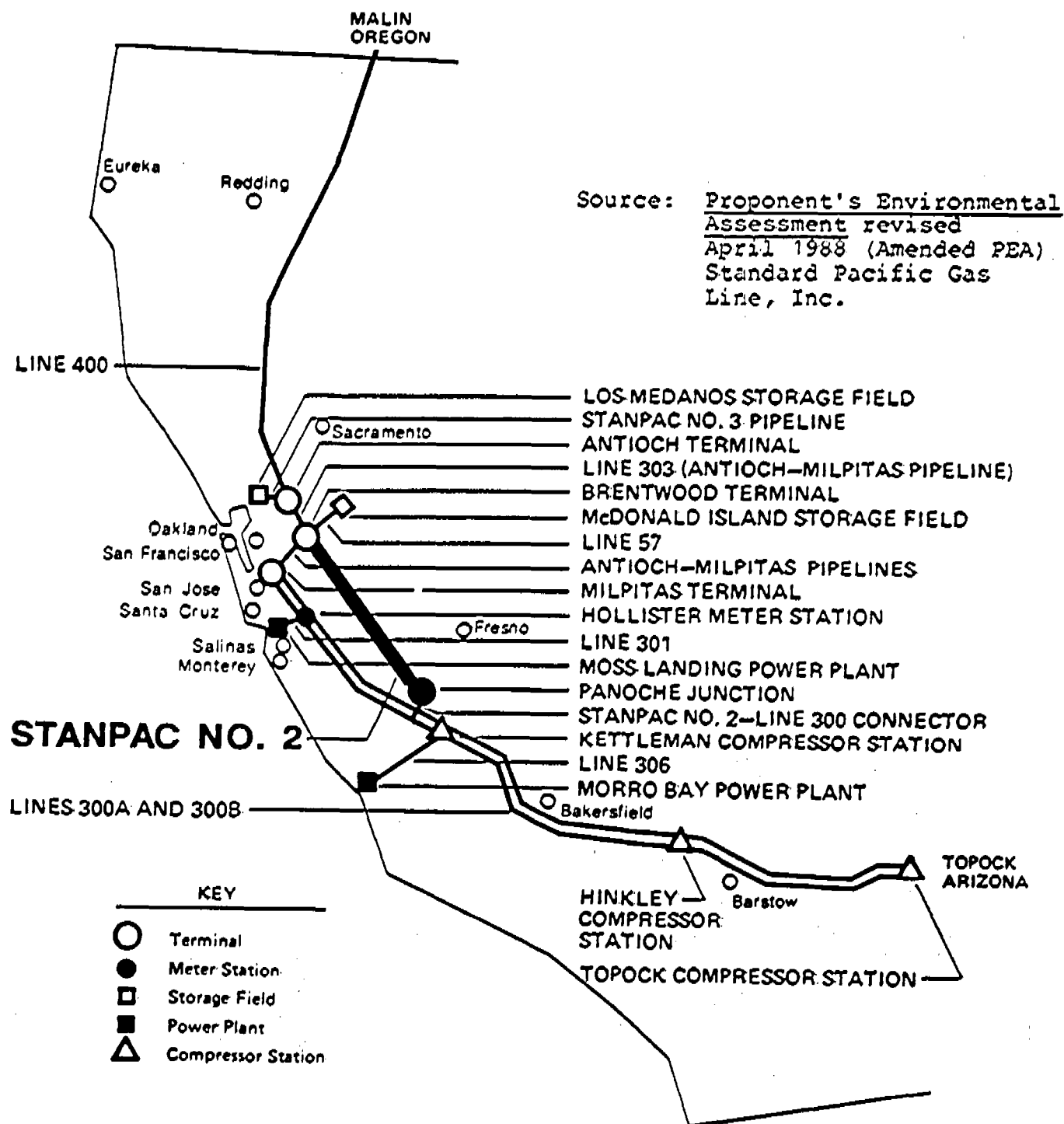
The SP-2 pipeline is an 118 mile long, 26 to 36 inch diameter pipeline which extends along the western edge of the San Joaquin Valley and adjacent to U.S. Interstate Highway 5. It extends from Panoche Junction in Fresno County to Brentwood Terminal in Contra Costa County. Figure 1 shows where the SP-2 pipeline is located, and how it fits into the StanPac and PG&E natural gas transmission system in northern California.

SP-2 is an integral part of PG&E's gas transmission system. It links PG&E's Lines 300A and 300B, which extend from the California-Arizona border to the San Francisco Bay Area, to PG&E systems transporting gas from the Canadian border and northern California gas fields to the Bay Area (Line 400 and the Antioch-Milpitas pipeline system). The SP-2 line also connects to the McDonald Island Underground Storage Field, and delivers natural gas throughout the San Joaquin Valley via PG&E transmission and distribution pipelines.

With its optional gas supply from each end, SP-2 can be operated either as an unidirectional or as a bidirectional line. As illustrated in Exhibit C of StanPac's Amended Application, it is currently designed to operate as the latter under winter peak day conditions, with gas supplies flowing towards the center of the line from each direction.

### B. Project Scope

During the course of this proceeding, the project scope of the SP-2 replacement program was scaled back significantly. In its original application, filed August 22, 1986, StanPac proposed increasing the outside diameter of the SP-2 replacement pipe (from 26 to 36 inches) in addition to increasing the MAOP from 500 to 890 psig. This would have increased the north-south transport



NOTE: Not shown are Stanpac pipelines 4 and 5. These pipelines serve local distribution and are not directly connected to Stanpac No. 2. There is no Stanpac No. 1.

Figure 2-1  
MAJOR ELEMENTS IN  
THE STANPAC AND PG&E  
NATURAL GAS PIPELINE SYSTEMS  
**STANPAC No. 2**  
Natural Gas Pipeline  
Replacement Program  
STANDARD PACIFIC GAS LINE, INC.

capability of SP-2 from 50 MMcf/d to 375 MMcf/d under winter peak day conditions.

In its Amended Application, StanPac requests a CPCN to replace a total of 56.54 miles of pipeline along SP-2. StanPac now proposes replacing segments with the same outside diameter (26-inch) pipe. The pipeline MAOP would still be increased from 500 to 890 psig, but the overall increase in north-south transport capability would be less than under StanPac's original replacement program.<sup>4</sup>

Under the replacement program proposed in StanPac's Amended Application, approximately 48.37 miles of 1930s pipe would be replaced and upgraded. Another 8.17 miles of pipe and related equipment (e.g., valves, metering stations, regulating stations, and taps) would be upgraded. The replacement program would be staged in a series of 19 major and minor projects, commencing in 1989. (See Table 1.) This program would complete the upgrade of entire SP-2 pipeline to 890 psig-capable pipe.<sup>5</sup>

The Settlement Agreement proposed by DRA, PG&E, and StanPac represents a further, and more dramatic "scaling down" of project scope. (See Attachment A.) That agreement excludes all pipeline replacement projects contained in the Amended Application and PEA which were not proposed for immediate safety considerations. In addition, SP-2 will continue to operate at its

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4 Under the replacement program proposed in both StanPac's original and Amended Applications, the SP-2 gas flow would change from bidirectional to (north-south) unidirectional. The north-south transport capability would increase from 50 MMcf/d to 290 MMcf/d (assuming winter peak load conditions) under the replacement program proposed in StanPac's Amended Application. See Exhibit C of StanPac's Amended Application.

5 To date, approximately 61.5 miles of SP-2 have already been upgraded to 890 psig pipe over a 20-year period.



TABLE 1

Starpac No. 2 Replacement Program Projects<sup>a</sup>

Name of Project <sup>b</sup>	Mileposts <sup>c</sup>	Construction Length (Miles)	Year	Planned Replacement <sup>d</sup>	Purpose of Replacement <sup>e</sup>
1. Panoche Road*	48.79 - 48.81	0.02	Post-1990	Valve	Increase MAOP to 890
2. Chaney	50.65 - 54.29	3.64	1990	Pipeline	Enhance Reliability
3. Shields*	59.39 - 59.40	0.01	Post-1990	Valve	Increase MAOP to 890
4. Hot Springs*	59.65 - 62.77	3.12	Post-1990	Pipeline	Enhance Reliability & Increase MAOP to 890
5. Nees*	65.78 - 65.99	0.21	Post-1990	Pipeline Crossing Aqueduct	Increase MAOP to 890
6. Dos Palos	68.16 - 72.86	4.70	1990	Pipeline	Enhance Reliability & Increase MAOP to 890 <sup>h</sup>
7. Los Banos	78.79 - 79.97	1.18	1990	Pipeline	Enhance Reliability
8. Santa Nella	82.24 - 99.32	17.08	1989	Pipeline & Regulating Station	Enhance Reliability & Increase MAOP to 890 <sup>h</sup>
9. Gustine	99.32 - 104.40	5.08	1989	Pipeline & Metering Station	Enhance Reliability & Increase MAOP to 890 <sup>h</sup>
10. Crows Landing	104.40 - 115.20	11.00 <sup>f</sup>	1989	Pipeline & Metering Station	Enhance Reliability & Increase MAOP to 890 <sup>h</sup>
11. Westley (South)	115.20 - 118.10	2.90	1989	Pipeline & Valve	Enhance Reliability & Increase MAOP to 890 <sup>h</sup>
12. Westley (North)	122.05 - 129.10	7.05	1989	Pipeline, Valve, & Metering Station	Enhance Reliability & Increase MAOP to 890 <sup>h</sup>

(Continued)

TABLE 1

Stanpac No. 2 Replacement Program Projects<sup>a</sup> (Continued)

Name of Project <sup>b</sup>	Mileposts <sup>c</sup>	Construction Length (Miles)	Year	Planned Replacement <sup>d</sup>	Reason for Replacement <sup>e</sup>
13. Vernalis*	131.92 - 132.00	0.08	Post-1990	Pipeline Crossing Freeway	Increase MAOP to 890
14. Chrisman*	132.30 - 132.48	0.18	Post-1990	Pipeline Crossing Aqueduct	Increase MAOP to 890
15. McArthur Road*	134.20 - 134.21	0.01	Post-1990	Valves	Increase MAOP to 890
16. Tracy Station*	142.40 - 142.50	0.10	Post-1990	Valves	Increase MAOP to 890
17. Delta*	148.91 - 149.09	0.18	Post-1990	Pipeline Crossing Aqueduct	Increase MAOP to 890
18. Brentwood Terminal*	158.00	NA	Post-1990	Valve	Increase MAOP to 890
19. Various Regulation Stations	Various	NA	Post-1990	Regulating Equipment	Increase MAOP to 890 <sup>f</sup>
TOTAL		56.54 (Amended Application) 52.63 (Settlement Agreement) <sup>h</sup>			

<sup>a</sup> Pipeline replacement projects marked with asterisk (\*) are withdrawn from consideration under the terms of the Settlement Agreement. (See: Table 3.1-1, page 3-2, Amended FEA, and Page 8 of Attachment A to this order (Settlement Agreement).)

<sup>b</sup> Listed in milepost order.

<sup>c</sup> Read from south to north.

<sup>d</sup> All new pipelines will be 26-inch outside diameter (O.D.).

<sup>e</sup> MAOP - Maximum Allowable Operating Pressure.

<sup>f</sup> Includes a 0.20-mile-long connection between the existing and new pipelines at Milepost 112.

(Continued)

(Continuation of footnotes)

- g The SP-2 increase in MAOP to 890 psig will require that the pressure be reduced to 500 psig for off-line feeds.
- h Under the Settlement Agreement, SP-2 will continue to operate at its present carrying capacity and MAOP of 500 psig during and subsequent to pipeline replacement.

present carrying capacity and MAOP of 500 psig during and subsequent to pipeline replacement. Under the Settlement Agreement, 52.63 miles of SP-2 pipeline would be replaced. (See Table 1.)<sup>6</sup>

#### IV. Project Costs

Replacement of the 52.63 miles of SP-2 covered by the Settlement Agreement is estimated to cost \$31.64 million, in 1989 dollars. (See Table 2.)<sup>7</sup> An independent comparative cost analysis of the proposed replacement program was conducted as part of the Draft EIR.<sup>8</sup> The comparison estimate presented in the Draft EIR is 9.7% higher than applicant's capital estimates (materials and labor only). The report concludes that applicant's estimated costs are reasonably accurate, and will most likely be

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6 The 52.63 miles is comprised of 48.37 miles of 1930's pipe plus an additional 4.26 miles of pipeline that is to be replaced "because of pipeline location considerations and the economic inefficiency and impracticality of multiple connections to short, isolated sections of Stanpac pipeline." (See Settlement Agreement, Section B.)

7 At the request of the ALJ, the applicant presented updated cost estimates (in 1989 dollars) for the replacement program covered under the Settlement Agreement. Copies were served on all parties. (See letter from PG&E to ALJ Gottstein dated January 17, 1989.)

8 See Draft EIR, Appendix B.

Table 2

Construction Year and  
Cost for Replacement Projects\*

<u>Planned Construction Year</u>	<u>Project</u>	<u>Estimated Construction Cost (1989 \$ in Millions)</u>
1989	1. Santa Nella	\$ 9.6
	2. Gustine and Crows Landing	9.8
	3. Westley North and South	<u>6.2</u>
	Subtotal	25.6
1990	4. Chaney, Dos Palos, and Los Banos	6.04
	Total Program Cost	31.64

\* Including engineering, materials, land, and construction.

Source: Amended PEA, page 3-14, updated by letter from PG&E to  
ALJ Gottstein, dated January 17, 1989.

within 10% of the actual price (adjusted for annual dollar value changes).<sup>9</sup>

#### V. Safety Considerations

Approximately 48.37 miles of SP-2 consist of original 1930s pipe. At the time of original construction, the west side of the San Joaquin Valley was arid rangeland, and cattle production was the major industry.<sup>10</sup> StanPac argues that the intensive irrigated agriculture, public works projects and urban development since then have created safety and reliability problems for the SP-2 line. Over 46 miles of the original pipe is bare, and cannot be cathodically protected from the corrosive effects of the surrounding soil. StanPac has recorded 90 leaks over the 1930s original pipe or an average of 1.59 leaks per project mile.<sup>11</sup> StanPac asserts that, without pipeline replacement, continued deterioration will occur and increase the severity of the leakage problems.

In addition, StanPac states that SP-2 has become increasingly vulnerable to pipe damage due to shallow soil coverage. The soil cover of pipes varies from 1 to 4 feet, with much of the pipeline having less than 3 feet. The practice of soil

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9 The authors of the report acknowledge that the analysis considers a replacement program of larger scope (i.e., the program reflected in StanPac's Amended Application) than the one contained in the proposed Settlement Agreement. However, they state that, despite these subsequent changes in project scope, the basic conclusions of the report remain valid. (See Draft EIR, Appendix B.)

10 See Amended PEA (April, 1988), pp. 2-10 to 2-13.

11 Amended PEA, Table 2.4-1.

ripping (deep plowing) has hit and damaged sections of the pipe many times. StanPac argues that, unless the existing pipeline is replaced with a deeper pipeline, equipment strikes are likely to continue which would increase the potential for pipeline failure.<sup>12</sup>

DRA concurs with StanPac's assessment of project need.<sup>13</sup> As described in Appendix A to the Draft EIR, the physical impact on SP-2 has been a significant problem since the development of cultivated land around and over the pipeline. The Draft EIR also identifies external corrosion of bare pipe as a major detrimental factor to SP-2 reliability. DRA concludes that leaks will continue to occur at an accelerated rate over time unless the replacement program is implemented. (See Figure 2.)

#### VI. Environmental Considerations

The environmental impacts of the replacement program, as proposed under the Settlement Agreement, were evaluated in the EIR prepared under the direction of DRA.<sup>14</sup> Table 3 summarizes the results of the impact assessment.

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12 As proposed in StanPac's Amended Application, replacement pipe would be buried deeper than existing pipe in agricultural areas to protect it from damage or breakage by agricultural equipment.

13 The Draft EIR was prepared under DRA's direction, with assistance from Stephens & Rae Ltd. in association with Harding Lawson Associates. See Draft EIR, p. 1-9 and Appendix A for a discussion of safety and reliability considerations.

14 The CPUC solicited participation in its EIR environmental review by issuing a Notice of Preparation (on June 17, 1988) and conducting two meetings in Santa Nella on July 12, 1988. On December 12, 1988, the Draft EIR was issued for written comment. The Final EIR was issued in March 1989.

Figure 2



Source: D.D. Craig, PG&E, 1987 ; DEIR, page A-20.



Harding Lawson Associates  
Engineers and Geoscientists

1960-1987 Stanpac 2 Leaks  
Standard Pacific Gas Line, Inc.  
San Francisco, California

FIGURE

4.5

DRAWN  
CSN

JOB NUMBER  
18,428,001.01

APPROVED

DATE  
10/87

REVISED

DATE



TABLE 3

## Summary of Impacts

IMPACT (Topic/Type)	REPLACEMENT PROGRAM (Note: Impacts would be the same as for the No Project Alternative)		Proposed Project Total (61.73 miles)
	New Pipe Construction <sup>a</sup> (52.63 miles)	Old Pipe Removal (9.10 miles @ 35-foot-wide ROW)	
<b>GEOLOGY</b>			
Surface fault rupture potential	None	None	None
Miles of landslide potential	None	None	None
Miles of slope greater than 5%	~10	0	~10
<b>PALEONTOLOGIC RESOURCES</b>			
Acres of impact to significant formations	None	None	None
<b>SOILS</b>			
Miles of high erosion potential on slopes greater than 5%	<1	0	<1
Miles of soils subject to hydrocompaction hazard	2	0	2
<b>AIR QUALITY</b>	NSI	NSI	NSI
<b>SURFACE WATER</b>			
Number of stream crossings	14	0	14
Perennial stream crossings	0	0	0
<b>GROUNDWATER</b>			
Miles of potential impact	None	None	None

<sup>a</sup> Pipe removal in these areas would not cause ROW disturbance beyond that needed for new pipe installation.

NSI = No Significant Impact

TABLE 3

(continued)

IMPACT (Topic/Type)	REPLACEMENT PROGRAM		
	(Note: Impacts would be the same as for the No Project Alternative)		
	New Pipe Construction <sup>a</sup> (52.63 miles)	Old Pipe Removal (9.10 miles @ 35-foot-wide ROW)	Proposed Project Total (61.73 miles)
<b>BIOLOGY</b>			
<u>Vegetation</u>			
Acres of woody vegetation kept cleared for the life of the project	0	0	0
Acres of riparian habitat crossed	~1	0	~1
Acres of federally threatened or endangered plant habitat affected	0	0	0
Acres of California state listed plant habitat affected	0	0	0
<u>Wildlife</u>			
Big game sensitive habitat (acres)	0	0	0
Upland game bird sensitive habitat (acres)	0	0	0
Waterfowl critical nesting areas (acres)	0	0	0
Raptor nesting areas (nests)	0	0	0
Field evidence of San Joaquin kit fox	No	No	No
Field evidence of San Joaquin pocket mouse	Yes	No	Yes

<sup>a</sup> Pipe removal in these areas would not cause ROW disturbance beyond that needed for new pipe installation.

NSI = No Significant Impact

TABLE 3

(continued)

IMPACT (Topic/Type)	REPLACEMENT PROGRAM (Note: Impacts would be the same as for the No Project Alternative)		Proposed Project Total (61.73 miles)
	New Pipe Construction <sup>a</sup> (52.63 miles)	Old Pipe Removal (9.10 miles @ 35-foot-wide ROW)	
NOISE			
Operational noise	None	None	None
Significance of construction noise impacts	NSI	NSI	NSI
TRANSPORTATION	NSI	NSI	NSI
LAND USE			
Number of public use area conflicts	None	None	None
CULTURAL RESOURCES			
Percent of line actually surveyed	100	100	100
Number of known sites in the direct impact zone	None	None	None
VISUAL RESOURCES			
Acres of high visual impact	0	0	0
Areas of long-term visual impact	0	0	0
SOCIOECONOMICS			
Population change >10%	No	No	No
Total employment change >10%	No	No	No
Income change >10%	No	No	No
Local tax base change >10%	No	No	No
Demand for temporary housing exceeds capacity	No	No	No

<sup>a</sup> Pipe removal in these areas would not cause ROW disturbance beyond that needed for new pipe installation.

NSI = No Significant Impact

Source: Draft EIR, Table S-3, pp. S-8 to S-10.

Generally, the EIR concludes that there will be no short- or long-term effects resulting from the proposed project that could be considered significant impacts. None of the impacts associated with the proposed project constitute an irreversible commitment of environmental resources. The EIR also concludes that the proposed project has certain environmental advantages over the No Project Alternative.<sup>15</sup> Further, while the EIR considered locational alternatives, none was recommended as preferable based on environmental or land use factors.<sup>16</sup> However, the EIR does recommend that certain mitigation measures be implemented in order to minimize the short-term or temporary project impacts identified during environmental review, including a Biological Resources Mitigation Implementation Plan to be coordinated with the California Department of Fish and Game.

## VII. Discussion

As initially proposed (and amended), the StanPac SP-2 replacement program represented a significant upgrade in PG&E's north-south gas transport capability. As a result, StanPac's original and amended applications raised controversial issues

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<sup>15</sup> Since the purpose of the project is to replace pipe for safety and reliability purposes, the Draft EIR concludes that environmental impacts associated with the project are expected to occur in the future from either planned or unplanned emergency replacements. Delays in implementation could exacerbate the degree of leakage and subsequent impacts on land usage and the environment. See Draft EIR, pp. 1-33.

<sup>16</sup> Draft EIR, pp. 1-32. In addition, the proposed schedule for segment replacement was reviewed to determine whether an alternative scheduling priority should be considered, based on reliability or safety considerations. No scheduling alternatives were recommended. See Draft EIR, Appendix A.

regarding the need for, and optimal configuration of, additional gas pipeline capacity for serving the California market. We are currently embarking upon a major re-examination of these and other related issues in a separate proceeding, Investigation (I.) 88-12-027.<sup>17</sup> As we state in I.88-12-027, we intend to develop an integrated, long-term policy for new gas pipeline capacity to meet the needs of all California customers.

Consistent with those objectives, we will need to evaluate individual proposals to expand or construct new gas pipeline facilities within a systemwide context. It is our expectation that future CPCN applications for gas pipeline construction or upgrades will contain the information needed to do so. Piecemeal consideration of CPCN applications makes little sense from a public policy perspective, and when the requirements of the California Environmental Quality Act (CEQA) are concerned.

By limiting the project scope (see Section II above), the Settlement Agreement proposed by StanPac, PG&E, and DRA effectively removes systemwide issues from this case. It also eliminates the need to evaluate project alternatives that provide increased gas transport capability to the California system. The issues remaining concern project need, based on safety and reliability considerations, and project environmental impacts.

We concur with DRA and StanPac that the pipeline replacements contemplated under the Settlement Agreement are needed as a prudent approach to sustaining system safety and reliability. The evidence presented in the EIR and PEA documents clearly establishes the deteriorating condition of SP-2 1930s pipe. Based on the comparative cost analysis presented by DRA, we also conclude

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17 The Commission issued I.88-12-027 on December 19, 1988. Among other things, that order requests utilities to comment and make recommendations on the need for new pipeline capacity additions and preferences for the nature of such additions.

that the project cost estimates appear accurate. However, project costs will be examined in greater detail as part of PG&E's gas plant in service, in conjunction with PG&E's test year 1990 General Rate Case.

We have also carefully considered the evidence on environmental matters contained in the Final EIR and make findings under 21081 of the California Public Resources Code.<sup>18</sup> First, we find that the SP-2 replacement program, as proposed under the Settlement Agreement, has environmental advantages over the relevant alternatives (e.g., the No Project Alternative) considered during the environmental review. We further find that the replacement program, as proposed under the Settlement Agreement, will not produce significant adverse environmental effects. The mitigation and monitoring measures contained in the EIR will ensure that the short-run, temporary impacts described in the PEA and identified during environmental review are rendered negligible.

All of the mitigation and monitoring measures described in the EIR documents should be implemented including the Biological Resources Mitigation Implementation Plan approved by the California Department of Fish and Game.<sup>19</sup> As soon as possible, PG&E should enter into a memorandum of understanding, or other applicable form of agreement with the California Department of Fish and Game to implement this Plan. All reasonable costs of the mitigation and monitoring program will be borne by applicant as part of project costs.

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18 A comprehensive record on environmental matters was developed in this proceeding through consultation with public agencies and others, the issuance of a Draft EIR, and request for written comments. All are elements in the environmental process which culminated in the issuance of the Final EIR.

19 See Final EIR, Appendix B for a copy of the Biological Resources Mitigation Implementation Plan, and Appendix C for the written findings of the Department of Fish and Game.

With regard to Mohave's "understanding" of the settlement, as discussed in its Statement of Non-Opposition, we agree with PG&E that the settlement speaks for itself, and contains the entire agreement of the parties. We conclude that the Settlement Agreement, as proposed by DRA, PG&E, and StanPac represents a reasonable resolution of the issues in this case. We therefore approve StanPac's application for a CPCN to replace 52.63 miles of pipeline along its SP-2 line, consistent with the terms and conditions of that agreement.

Findings of Fact

1. StanPac is a nonprofit carrier of natural gas through its pipeline system for PG&E.

2. The SP-2 line is an 118 mile long 26 to 36 inch diameter pipeline which extends from Panoche Junction in Fresno County to Brentwood Terminal in Contra Costa County.

3. On August 22, 1986, StanPac filed A.86-08-038 requesting authorization to replace 17.4 miles of its SP-2 pipeline. StanPac requested ex parte treatment of its application pursuant to General Order 112-D.

4. In its 1986 application, StanPac described the requested replacements as part of a 10-year upgrade program for the SP-2 line. When completed, the program would replace 54.8 miles of pipe with increased (36-inch) diameter pipe, capable of operating at 890 psig. The north-south transport capability of SP-2 would increase from 50 MMcf/d to 375 MMcf/d (under winter peak day conditions).

5. In D.87-03-080, this Commission ordered StanPac to amend A.86-08-038 to include all planned improvements to the entire SP-2 pipeline system from Brentwood terminal to Panoche Junction and to file an amended PEA.

6. On April 1, 1988, StanPac submitted its Amended Application and Amended PEA pursuant to D.87-03-080.

7. In its Amended Application, StanPac requests a CPCN to replace and upgrade 56.54 miles of pipeline along SP-2 with the

same diameter (26-inch) pipe. The pipeline MAOP would increase to 890 psig. North-south transport capacity of SP-2 would increase to 290 MMcf/d (under winter peak day conditions).

8. Before the start of evidentiary hearings, DRA, StanPac, and PG&E filed a Joint Motion requesting Commission adoption of a Settlement Agreement, dated December 28, 1988 (Attachment A).

9. On December 30, 1988, PG&E acquired the SP-2 pipeline and assumed the status of applicant in this proceeding.

10. Pursuant to Rule 51.4, parties not expressly joining in the Settlement were given the opportunity to contest all or part of the stipulation. Mohave filed a Statement of Non-Opposition, to which PG&E filed reply comments. No other comments or protests were filed.

11. Under the Settlement Agreement, 52.63 miles of SP-2 pipeline would be replaced. The Agreement excludes all pipeline replacement projects which were not proposed for immediate safety considerations in the Amended Application. SP-2 would continue to operate at its present carrying capacity and MAOP of 500 psig subsequent to pipeline replacement.

12. Replacement of the 52.63 miles of SP-2 covered by the Settlement Agreement is estimated to cost 31.64 million (in 1989 dollars).

13. An independent comparative cost analysis of SP-2 replacement program was conducted as part of the Draft EIR. The study concludes that estimated program costs are reasonably accurate.

14. Project costs will be examined as part of PG&E's gas plant in-service, in conjunction with PG&E's test year 1990 General Rate Case.

15. Approximately 48.37 miles of SP-2 consists of original 1930s pipe, over 46 miles of which is bare and cannot be cathodically protected from corrosion.



16. StanPac has recorded over 90 leaks over the original psig.

17. The soil cover of pipes along SP-2 varies from 1 to 4 feet, with much of the pipeline having less than 3 feet.

18. The practice of soil ripping in agricultural areas along SP-2 has hit and damaged sections of the pipe many times.

19. A comprehensive record on environmental matters was developed in this proceeding through issuance of a Draft EIR, consultation with public agencies and others, and public meetings. All are elements in the environmental process which culminated in the issuance of the Final EIR.

20. There are no short- or long-term environmental or land-use effects resulting from the project, as proposed under the Settlement Agreement, that could be considered significant impacts.

21. None of the impacts associated with the project constitute an irreversible commitment of environmental resources.

22. The environmental impacts associated with the project are expected to occur in the future under the No Project Alternative from either planned or unplanned emergency replacement.

23. None of the locational alternatives considered are preferable based on environmental or land use factors.

24. The Draft and Final EIR documents certain mitigation and monitoring measures designed to ensure that the short-run impacts described in the PEA and identified during environmental review are rendered negligible.

#### Conclusions of Law

1. Present and future convenience and necessity require the replacement of 52.63 miles of SP-2 pipeline subject to the terms and conditions of the Settlement Agreement attached to this order (Attachment A).

2. The Final EIR has been completed in compliance with the CEQA guidelines and we have reviewed and considered the information contained in the Final EIR in reaching this decision.

3. The mitigation and monitoring measures set forth in the Draft and Final EIR, including the Biological Resources Mitigation Implementation Plan approved by the California Department of Fish and Game, should be conditions of authorization.

4. Because the SP-2 pipeline replacement program is required for immediate safety considerations, this decision should be effective today.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Pacific Gas and Electric Company (PG&E) to replace 52.63 miles of the StanPac No. 2 (SP-2) pipeline subject to the terms and conditions of the Settlement Agreement attached to this order (Attachment A).

2. PG&E shall implement all mitigation and monitoring measures contained in the Draft and Final Environmental Impact Report (EIR).

3. All reasonable costs related to the mitigation and monitoring measures contained in the EIR shall be considered as construction expenses related to this project.

4. Within 60 days of the effective date of this order, PG&E shall file an amended cost estimate for the project, reflecting:

- a. Any adjustments in adopted project costs due to anticipated delays in starting the project or inflation;
- b. Any adjustments in project costs as a result of final design criteria; and
- c. Additional project costs resulting from the adopted mitigation measures (and mitigation monitoring program).

This filing will be made in the form of a late-filed exhibit in A.88-12-005, PG&E's test year 1990 General Rate Case, to be

examined in conjunction with PG&E's gas plant in service for the SP-2 replacement program.

5. The Executive Director of the Commission shall file a Notice of Determination for the project, as set forth in Attachment B to this decision, with the Office of Planning and Research.

This order is effective today.

Dated APR 26 1989, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

*[Signature]*  
Victor Weissert, Executive Director  
JB

ATTACHMENT "A"

JOINT MOTION FOR A COMMISSION ORDER REGARDING  
THE SETTLEMENT AGREEMENT IN THE APPLICATION OF  
STANDARD PACIFIC GAS LINE INCORPORATED FOR A  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

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

In the Matter of the Application	)	
of Standard Pacific Gas Line	)	
Incorporated for a certificate of	)	Application
public convenience and necessity	)	No. 86-08-038
to replace and enlarge pipeline	)	
facilities.	)	

JOINT MOTION FOR A COMMISSION ORDER REGARDING  
THE SETTLEMENT AGREEMENT IN THE APPLICATION OF  
STANDARD PACIFIC GAS LINE INCORPORATED FOR A  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

The Division of Ratepayer Advocates ("DRA") of the California Public Utilities Commission ("Commission"), Standard Pacific Gas Line Incorporated ("Stanpac"), and Pacific Gas and Electric Company ("PG&E"), collectively referred to herein as the "settling Parties", have engaged in discussions regarding the application of Stanpac for a certificate of public convenience and necessity to replace pipeline facilities. As a result of their discussions, the settling Parties have agreed to a Settlement Agreement for the purpose of providing the Commission a recommended resolution of the issues involved in this proceeding.

Prior to the signing of the Settlement Agreement, the settling Parties convened a settlement conference on December 28, 1988 in San Francisco. Notice and opportunity to participate were provided to all parties for the purpose of discussing the Settlement Agreement.

The settling Parties believe that the Settlement Agreement, set forth herein as Attachment "A", represents a reasonable compromise that produces a result that is in the interest of ratepayers and the public and at the same time will avoid further costly and time-consuming review and litigation.

WHEREFORE, the settling Parties respectfully move for an Order of the Commission adopting this Settlement Agreement as set

Attachment A

forth in Attachment "A", and request that the Commission issue its decision on this Settlement Agreement and motion as soon as possible.

Each party, through its respective counsel of record, entered into this Settlement Agreement and Motion on December 28, 1988, at San Francisco, California.

Respectfully submitted,

Dated: January 17, 1989

STANDARD PACIFIC GAS LINE, INC.

By Robert B. McLennan

DIVISION OF RATEPAYER ADVOCATES

By Alberto Guerrero  
Staff Counsel

PACIFIC GAS AND ELECTRIC COMPANY

By Robert B. McLennan

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

In the Matter of the Application ) Application  
of Standard Pacific Gas Line ) No. 86-08-038  
Incorporated for a certificate of )  
public convenience and necessity )  
to replace and enlarge pipeline )  
facilities. )

SETTLEMENT AGREEMENT

I

INTRODUCTION

Standard Pacific Gas Line Company Incorporated  
("Applicant" or "Stanpac"), Pacific Gas and Electric Company  
("PG&E") 1/ and the Division of Ratepayer Advocates ("DRA")  
of the California Public Utilities Commission ("CPUC" or  
"Commission") (collectively referred to herein as the  
"Parties") have entered into this Settlement Agreement for  
the purpose of providing to the Commission a recommended  
resolution of the issues involved in this proceeding. The  
Parties urge the Commission to issue to Applicant, pursuant  
to the Commission's Rules on Settlement and Stipulations and

///

1/ Pursuant to Decision 88-10-028, PG&E will acquire the  
Stanpac No. 2 pipeline on or about December 31, 1988.  
On the effective date of the transfer, PG&E will assume  
the status of the Applicant in this proceeding.

1 the terms of this Agreement, a Certificate of Public  
2 Convenience and Necessity ("CPCN") authorizing the proposed  
3 construction and operation of the facilities and  
4 transportation service described herein.

5 II

6 BACKGROUND

7 Stanpac is a nonprofit carrier of natural gas  
8 through its pipeline system, extending approximately 40  
9 miles south of Los Banos, California, to the San Francisco  
10 Bay Area, for the companies which own its stock, viz., PG&E  
11 and Chevron U.S.A., Inc. ("Chevron"). There are 1,400  
12 shares of Applicant's stock outstanding. Twelve hundred of  
13 these shares are owned by PG&E and two hundred shares are  
14 owned by Chevron. Stanpac reserves 6/7ths of the capacity  
15 of its pipeline for the transportation of gas for PG&E and  
16 1/7th for the transportation of gas for Chevron. At various  
17 points along its pipeline, Stanpac receives natural gas  
18 owned by PG&E and Chevron, produced both within and outside  
19 California. Stanpac transports that gas for PG&E and  
20 Chevron by delivering it at various points enroute and at  
21 the San Pablo Terminus of its pipelines.

22 Stanpac does not engage in the production,  
23 purchase, sale or interchange of natural gas and accordingly  
24 has no customers other than the owner-shippers referred to  
25 above.

26 ///



1           The Stanpac pipelines, including the facilities  
2           for which replacement authorization is requested, previously  
3           operated under a certificate of public convenience and  
4           necessity granted by the Federal Power Commission in Docket  
5           No. G-1823, reported at 19 FPC 162 (1958). On December 4,  
6           1985, the Commission issued Resolution No. L-234, asserting  
7           jurisdiction over Stanpac, and requiring Stanpac to obtain a  
8           certificate of public convenience and necessity before  
9           commencing reconstruction of the Stanpac pipeline. In  
10          accordance with the Resolution, Stanpac withdrew its pending  
11          application before the Federal Energy Regulatory Commission  
12          ("FERC") (Docket No, CP85-684-000). Stanpac's withdrawal  
13          was accepted by the FERC on May 19, 1986. (35 FERC  
14          ¶ 61,199.) Stanpac received a "Hinshaw" exemption from the  
15          jurisdiction of the FERC, pursuant to Section 1(c) of the  
16          Natural Gas Act (15 U.S.C. § 717(c)), on October 29, 1986,  
17          reported at 37 FERC ¶ 62,085 (1986).

18                 On August 22, 1986, Stanpac submitted Application  
19          No. 86-08-038, pursuant to the conditions of Resolution No.  
20          L-234. The Application primarily covered replacement of two  
21          segments of its pipeline system, a 3.5-mile section near  
22          Panoche Junction and a 13.9-mile section near Westley. In  
23          Decision 86-11-076, dated November 14, 1986, the Commission  
24          ordered Stanpac to prepare and file a Proponent's  
25          Environmental Assessment ("PEA"), addressing the  
26          environmental impacts of the replacement program. The PEA

1 was filed on January 16, 1987. In Decision 87-03-080, dated  
2 March 26, 1987, the Commission required Stanpac to file an  
3 amended application and PEA, covering the entire Stanpac  
4 No. 2 pipeline replacement program.

5 On April 1, 1988, Stanpac filed an Amended  
6 Application and PEA with the Commission, seeking a  
7 certificate of public convenience and necessity to replace  
8 56.64 miles of Applicant's 26" outside diameter Stanpac  
9 No. 2 pipeline with same-size pipe capable of operating at  
10 890 psig pressure. The 118.1-mile-long Stanpac No. 2  
11 natural gas pipeline lies along the western edge of the San  
12 Joaquin Valley between Panoche Junction in Fresno County and  
13 Brentwood Terminal in Contra Costa County. Approximately  
14 two-fifths of the pipeline is in poor condition and in need  
15 of replacement. In its Amended Application, Stanpac  
16 proposed a series of 19 construction projects to correct  
17 this condition in order to maintain safe and reliable  
18 operation and enhance the operational flexibility and  
19 capacity of the pipeline. This series of projects makes up  
20 the Stanpac No. 2 Replacement Program. The reconstruction  
21 program will start in 1989 and extend into the 1990s. The  
22 April 1, 1988 Amended Application and PEA were accompanied  
23 by exhibits supporting Stanpac's estimates of project need  
24 and expenses.

25 On April 30, 1988, the Executive Director of the  
26 Commission accepted Stanpac's Amended Application and PEA.

1 On July 12, 1988, a public scoping meeting was conducted by  
2 the Commission in Santa Nella, California, for the purpose  
3 of (1) rendering information and an explanation of the  
4 proposed Stanpac No. 2 natural gas pipeline replacement  
5 program and (2) soliciting public comments and questions  
6 concerning the economic and environmental effects of the  
7 proposed project.

8 On July 22, 1988, a prehearing conference was  
9 held, and the assigned Administrative Law Judge set the case  
10 for hearings, commencing on January 3, 1989. At the  
11 prehearing conference, Stanpac and DRA expressed their joint  
12 intent to explore the resolution of some or all of the  
13 issues in this proceeding through Commission issuance of a  
14 negative declaration pursuant to California Environmental  
15 Quality Act ("CEQA") or other acceptable means.

16 Starting immediately after Stanpac filed its  
17 Amended Application and continuing through November of 1988,  
18 DRA submitted over 50 data requests to Stanpac covering all  
19 aspects of Stanpac's Amended Application. The DRA also  
20 assigned a project manager and outside consultant for a  
21 period exceeding six months to review the financial,  
22 economic and environmental aspects of the Amended  
23 Application. The Parties to this Settlement Agreement  
24 believe that DRA's review of Stanpac's Amended Application  
25 and supporting materials was both extensive and complete.

26 ///

III

### A. Amendment Of Project Scope

-6-

1 which are not proposed due to immediate safety  
2 considerations. Specifically, Applicant withdraws from  
3 consideration in its Amended Application the following  
4 Pipeline Replacement Projects listed in Table 3.1-1 of the  
5 PEA (hereinafter referred to as the "Post-1990 Additions"):

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## Attachment A

			Construction Length (Miles)	Year	Planned Replacement
	<u>Name of Project</u>	<u>Mileposts</u>			
1					
2					
3	1. Panoche Road	48.79-48.81	0.02	Post-1990	Valve
4	3. Shields	59.39-59.40	0.01	Post-1990	Valve
5	4. Hot Springs	59.65-62.77	3.12	Post-1990	Pipeline
6	5. Nees	65.78-65.99	0.21	Post-1990	Pipeline Crossing Aqueduct
7					
8	13. Vernalis	131.92-132.00	0.08	Post-1990	Pipeline Crossing Freeway
9					
10	14. Chrisman	132.30-132.48	0.18	Post-1990	Pipeline Crossing Aqueduct
11					
12	15. McArthur Road	134.20-134.21	0.01	Post-1990	Valves
13					
14	16. Tracy Station	142.40-142.50	0.10	Post-1990	Valves
15	17. Delta	148.91-149.09	0.18	Post-1990	Pipeline Crossing Aqueduct
16					
17	18. Brentwood Terminal	158.00	NA	Post-1990	Valve
18					
19	19. Various Regulation Stations	Various	NA	Post-1990	Regulating Equipment
20					
21		TOTAL	3.91		

2. The CPCN application, as amended, shall request approval for 52.63 miles of pipeline replacement needed immediately in order to maintain safe and reliable operation of the Stanpac No. 2 pipeline. The Parties agree that the Stanpac No. 2 pipeline, during and subsequent to

1 the implementation of the replacement projects contemplated  
2 in the Settlement Agreement, shall continue to operate at  
3 its present carrying capacity and its present Maximum  
4 Allowable Operating Pressure ("MAOP") of 500 psig.

5 B. Recommendation Of Commission Issuance Of CPCN

6 The Parties agree that DRA shall recommend  
7 Commission issuance of a CPCN to Applicant for a total of  
8 52.63 miles of Stanpac pipeline replacement work. The  
9 Parties agree that because of pipeline route and engineering  
10 considerations, an additional 4.26 miles of pipeline, which  
11 are located between the 48.37 miles of pipeline segments,  
12 must be replaced in order to properly effectuate replacement  
13 of the 48.37 miles of deteriorated 1930 pipe.

14 Specifically, the Parties agree that the segments  
15 comprising the remaining 4.26 miles will be replaced because  
16 of pipeline location considerations and the economic  
17 inefficiency and impracticality of multiple connections to  
18 short, isolated sections of Stanpac pipeline.

19 C. Stipulation Regarding Environmental Impact

20 DRA stipulates, pursuant to its published Draft  
21 Environmental Impact Report ("EIR") of December 15, 1989,  
22 subject to the findings of the 45-day public review period  
23 of the Draft EIR, that there are no significant adverse  
24 environmental effects associated with the Stanpac No. 2 Pipe  
25 Replacement Program ("PRP").

26 ///

The Parties expressly agree that the DRA Draft EIR, in finding that there are no adverse environmental impacts associated with the Stanpac No. 2 Pipeline Replacement Program, has not addressed, and does not indicate DRA approval, of the need for Stanpac pipeline replacement of an additional 3.91 miles of pipeline originally proposed in the Amended Application for Stanpac system operational flexibility and capacity concerns.

## TERMS AND CONDITIONS

No part of this Settlement Agreement shall have any precedential value in any proceeding.

This Settlement Agreement represents a compromise of many positions and interests of the Parties hereto, and no individual term is assented to by any party except in consideration of other parties' assent to all of the other terms of this Settlement Agreement. The Settlement Agreement is accordingly indivisible, and each part is interdependent on each and all of the other parts. Any party may withdraw from this Settlement Agreement if the Commission modifies, deletes or adds any term. Parties agree, however, to negotiate with regard to any Commission ordered changes in good faith to restore the balance of



1 benefits and burdens, and to exercise the right to withdraw  
2 only if such negotiations are unsuccessful.

3 C. Evidentiary Effect Of Settlement Agreement

4 No portion of this Settlement Agreement, or any of  
5 its terms or conditions, or any of the discussions leading  
6 to it, may be used in hearings, other than those conducted  
7 for this proceeding, in support of or in opposition to any  
8 party or position without the prior express written consent  
9 of all parties hereto.

10 D. Settlement Agreement In The Public Interest

11 The DRA and Applicant agree that the Commission's  
12 approval and adoption of the Settlement Agreement is in the  
13 public interest; that it resolves in a fair manner the  
14 environmental and safety issues submitted in this case; and  
15 that it will avoid much of the lengthy litigation that would  
16 otherwise result.

17 E. Effectuation Of Settlement Agreement

18 The Parties agree to take all actions and perform  
19 all agreements required or implied hereunder diligently and  
20 in good faith, including, but not necessarily limited to,  
21 the execution of any other documents required to effectuate  
22 the terms of this Settlement Agreement, the preparation of  
23 exhibits for the presentation of witnesses at hearings to  
24 obtain the approval and adoption of this Settlement  
25 Agreement by the Commission. It is understood by all  
26 parties that the Commission's approval must be obtained as

## Attachment A

1 soon as possible to avoid the need for a full presentation  
2 by Stanpac, the DRA and other parties, which would be  
3 necessary should Commission approval not be forthcoming.  
4 Therefore, the Parties agree to urge the Commission to act  
5 as quickly as possible, consistent with the proposed Rules  
6 for Settlement as set forth in D. 88-09-060, to approve this  
7 Settlement Agreement.

8 F. Entirety Of Settlement Agreement

9 This Settlement Agreement contains the entire  
10 agreement of the Parties hereto. The terms and conditions  
11 of the Settlement Agreement may only be modified by a  
12 writing subscribed by all parties.

13 Entered this 28<sup>th</sup> day of December, 1988, at San  
14 Francisco, California.

15 STANDARD PACIFIC GAS LINE, INC.

16  
17 By Robert B. McLenahan

18 DIVISION OF RATEPAYER ADVOCATES

19  
20 By Alberto Luern

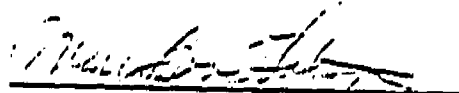
21 PACIFIC GAS AND ELECTRIC COMPANY

22  
23 By Robert B. McLenahan

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all known parties of record in this proceeding by mailing by first-class a copy thereof properly addressed to each party.

Dated at San Francisco, California, this 17th day of January, 1989.

  
\_\_\_\_\_  
Mary Bove Holton

(END OF ATTACHMENT A)

## Attachment B

## NOTICE OF DETERMINATION

TO: X Office of Planning and Research  
1400 Tenth Street, Room 121  
Sacramento, CA 95814

FROM: (Public Agency)  
California Public Utilities  
Commission

County Clerk  
County of

SUBJECT: Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

Project Title

Stanpac Line No.2 Natural Gas Transmission Pipeline Replacement Program

State Clearinghouse Number Contact Person Area Code/Number/Extension  
(If Submitted to Clearinghouse)

SCH# 88062116 John Keene 916-445-0613

Project Location Within the Interstate Highway 5 Corridor, San Joaquin Valley, in the Counties of Fresno, Merced, Stanislaus, San Joaquin and Contra Costa.

Project Description To reconstruct approximately 52.63 miles of 26-inch pipe and related facilities in order to replace corroded pipe and ensure safety and reliability of the pipeline system. Construction of the improvements would be staged in a series of eight segments.

This is to advise that the California Public Utilities Commission  
(Lead Agency or Responsible Agency)  
has approved the above described project on \_\_\_\_\_ and has made the follow-  
(Date)

ing determinations regarding the above described project:

1. The project X will, \_\_\_\_\_ will not have a significant effect on the environment.
2. X An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.  
\_\_\_\_\_ A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures X were, \_\_\_\_\_ were not made a condition of the approval of the project.
4. A statement of Overriding Considerations \_\_\_\_\_ was, \_\_\_\_\_ was not adopted for this project.

This is to certify that the final EIR with comments and responses and record of project approval is available to the General Public at:

California Public Utilities Commission, Central Files

Date Received for Filing and Posting at OPR \_\_\_\_\_

Signature (Public Agency)

Title

Revised March 1986

(END OF ATTACHMENT B)