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Sent: 2/22/2011 3:36:28 PM
To: Prosper, Terrie D. (terrie.prosper@cpuc.ca.gov)
Cc:
Bcc:
Subject: CPUC Unveils Proposed Natural Gas Pipeline Safety Proceeding: CPUC Information Alert

CPUC Information Alert: CPUC Unveils Proposed Natural Gas Pipeline Safety Proceeding

The California Public Utilities Commission (CPUC) today unveiled its proceeding to set new rules for the safe and reliable operation of natural gas pipelines in California.

Through this new proceeding the CPUC will obtain public input, and collect and analyze the data and conclusions from the investigations and reports of the Sept. 9, 2010, Pacific Gas and Electric Company (PG&E) pipeline rupture in San Bruno. Recommendations from the Independent Review Panel investigating the rupture will be presented, considered, and implemented via this Rulemaking.

The CPUC's Commissioners are set to vote on opening this Rulemaking at the CPUC's Feb. 24, 2011, business meeting.

The proposed Rulemaking is available at
http://docs.cpuc.ca.gov/PUBLISHED/AGENDA_DECISION/131000.htm

The Rulemaking's primary objectives are to:

- A. Provide the public with a means to make their views known to the CPUC.
- B. Provide the public with the Independent Review Panel's expert recommendations.

- C. Develop and adopt safety related changes to the CPUC's regulation of natural gas transmission pipelines, including requirements for construction, especially shut-off values, maintenance, inspections, operation, record retention, ratemaking, and the application of penalties.
- D. Consider ways that the CPUC can undertake a comprehensive risk assessment for all natural gas pipelines regulated by the CPUC, and possibly for other industries that the CPUC regulates.
- E. Consider available options for the CPUC to better align ratemaking policies, practices, and incentives to elevate safety considerations, and maintain utility management focus on the "nuts and bolts" details of prudent utility operations.
- F. Consider the appropriate balance between the CPUC's obligation to conduct its proceedings in a manner open to the public with the legitimate public safety concerns that arise from unlimited availability of certain utility information.
- G. Consider if further rules or other protection is needed for whistleblowers to inform the CPUC of safety hazards.
- H. Expand the CPUC's emergency and disaster planning coordination with local officials.

In addition, the proceeding will allow for the consideration of who should pay for needed improvements to PG&E's gas system; consideration of more aggressive use of fines and penalties in progressive enforcement; and consideration of immediate actions needed to respond to information to be received March 15, 2011, especially identification of pipelines with missing records.

The Rulemaking is not necessarily limited to the issues identified in the document released today, although the CPUC must prioritize the issues based on information obtained in the initial stages of the Rulemaking. The Rulemaking includes specific proposed rules on several issues that require action now by the CPUC. Parties may submit written comments on these proposals within 45 days of the decision. The CPUC expects to propose additional rule changes as the proceeding develops and will set a procedural schedule for comments from parties.

To accept public comment on its regulation of natural gas transmission and distribution pipelines, the CPUC will hold Public Participation Hearings in San Bruno, Los Angeles, and Northern California.

The CPUC also anticipates holding a Pre-Hearing Conference to address scoping and scheduling issues late in the second quarter of this year if the new Rulemaking is approved. Shortly thereafter, the Commissioner assigned to the Rulemaking will issue a Scoping Memo establishing a procedural schedule and setting the scope of the proceeding. The CPUC also anticipates issuing a Proposed Decision on whether to adopt the rules in the Rulemaking's Attachment A as soon as practicable.

Please let me know if you have any questions.

Terrie

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