

**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.

R. 11-02-019
(Filed February 24, 2011)

**RESPONSE OF THE CITY AND COUNTY OF SAN FRANCISCO
TO PACIFIC GAS & ELECTRIC COMPANY'S MOTION FOR ADOPTION OF A
MAXIMUM ALLOWABLE OPERATING PRESSURE VALIDATION
METHODOLOGY**

I. INTRODUCTION

Pursuant to the April 25, 2011 Administrative Law Judge's Ruling and Rule 11.1(e) of the Commission's Rule of Practice and Procedure, the City and County of San Francisco ("CCSF") submits this response to Pacific Gas & Electric's ("PG&E") Motion for Adoption of a Maximum Allowable Operating Pressure ("MAOP") Validation Methodology ("Motion").

In the Motion, PG&E states that it "needs guidance as to whether the methodology PG&E is using for the MAOP validation is acceptable to the Commission" and that without such guidance "PG&E may complete a time-consuming and difficult MAOP validation process that does not satisfy the Commission's directive."¹ Specifically, PG&E proposes that for pipeline segments where it is unable to locate 100% of the records, PG&E will use assumptions about components "based on the material specifications at the time those materials were procured, sound engineering judgment, and conducting excavation and field testing of pipeline systems as

¹ PG&E Motion at p. 1.

appropriate.”² Using those assumptions, PG&E proposes to calculate the MAOP for segments of pipeline lacking complete pressure test records.

The Commission should explicitly state that PG&E may not rely on assumptions in calculating MAOP, require PG&E to pressure test or replace the gas lines where PG&E has performed non-operationally required pressure increases, and instruct PG&E to safely and efficiently commence pressure testing or replacement of the 705 miles of gas transmission pipeline in high consequence areas without further delay.

II. DISCUSSION

A. The Commission Should Require 100% Complete Document Chain.

CCSF has reviewed Richard Clark’s April 26, 2011 letter to PG&E. CCSF supports CPSD’s determination that “the Commission should require pressure testing or replacement whenever assumptions are used in PG&E’s MAOP validation efforts”³ and that all pipeline segments with a joint efficiency less than 1 and missing proper pressure test documentation should be hydrotested.

The phrase “traceable, verifiable and complete records” is not ambiguous. The intent of the National Transportation Safety Board’s (“NTSB”) urgent safety recommendations was to ensure the safe operation of gas transmission pipelines based on a MAOP determined by the weakest section of the pipeline or component, with the weakest section or component being determined by traceable, and verifiable records. This necessarily requires having an actual record for each component. Given the safety priorities of operating gas transmission lines in high consequence areas, anything less than a 100% complete document chain places the public at unnecessary risk. The Commission should adopt the CPSD recommendation and require PG&E to pressure test or replace any segments of pipeline for which it does not have complete strength test records.

² PG&E Motion at p. 4.

³ Richard Clark’s letter to Kirk Johnson, April 26, 2011.

B. Pipelines That Have Been Subject to Pressure Increases Should Also Be Tested.

In addition, the Commission should require pressure testing or replacement for pipelines where PG&E has conducted non-operationally required pressure increases. The Commission has recognized that PG&E performed such pressure increases on eleven of its gas transmission lines.⁴ CCSF is also aware that on six occasions dating back to 2003, PG&E spiked pressures on portions of Line 101, Line 109, and Line 132 in San Francisco. Gas pipeline experts have indicated that such pressure increases could weaken the structural integrity of the transmission lines and potentially lead to line failure in the future.⁵ Even if PG&E had traceable, verifiable and complete records for these segments, the corresponding MAOP validation may not take into account the potentially weakened state of the pipeline and its components. Therefore, for these segments, the Commission should require pressure testing or replacement, even if PG&E's records for these segments are complete.

C. Defining Complete Pressure Test Records.

As a threshold matter, the Commission must provide a proper definition of what constitutes a complete pressure test record. Because this determination may affect the number of pipelines PG&E will have to pressure test or replace, CCSF urges the Commission to address this issue now. In PG&E's March 15, 2011 filing, PG&E defines complete pressure test records as those which contain the (1) name of the operator, (2) test pressure, (3) test duration, and (4) test medium. However, CPSD states that a complete pressure test record "should include all elements required by the regulations in effect at the time of line construction, not just the four

⁴ See Assembly Member Jerry Hill's letter to President Peevey, January 19, 2011; and Executive Director Paul Clanon's letter to Assembly Member Jerry Hill, February 7, 2011.

⁵ See *PG&E Agrees With Rule to Ban Pipe Pressure Spikes*, San Francisco Chronicle (April 24, 2011) p. 1. Available at <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/04/23/MNJL1J1L8K.DTL&ao=all>

that PG&E included in its definition of complete pressure test records.”⁶ This is an important addition, which CCSF supports.

The Commission should make clear now the parameters of what constitutes a complete pressure test record, since clarifying that this definition must include state and federal requirements may increase the number of pipelines for which PG&E lacks complete pressure test records. This may expand the number of pipelines for which PG&E must either produce records, or pressure test or replace. If the number of pipelines to be pressure tested or replaced increases, it may be appropriate for PG&E to reprioritize its schedule for pipeline testing or replacement.

D. Timing

In addition, CCSF urges the Commission to require PG&E to develop a schedule that completes the testing and replacement in a period sooner than five years. In the Motion, PG&E states that the five year schedule is “an extraordinarily ambitious and challenging undertaking, requiring testing about 220 miles of pipeline and representing about five to ten times that amount of hydrotesting PG&E conducts in an average year.” While this may be true, even greater efforts are required from PG&E due to the extraordinary safety concerns raised by the San Bruno explosion and the resulting disclosures about PG&E's recordkeeping practices. There is no doubt that the scope of the required work presents a challenge to PG&E, but that is no reason to delay the work that is necessary to ensure safe operation of PG&E's gas system. After the tragedy in San Bruno, there cannot be any question that any burden to PG&E caused by having to do this work is far outweighed by the risk to the public of potential gas safety problems. PG&E is a large company with vast resources; deploying those resources now to ensure the safety of its gas pipeline system should be PG&E's highest priority. If necessary, PG&E should identify for the Commission the specific anticipated challenges – whether related to permitting, gas demand, labor requirements or otherwise – so that the Commission can assist PG&E by

⁶ Richard Clark letter.

adopting a plan to safely and efficiently commence pressure testing or replacement of the 705 miles of gas transmission pipeline in high consequence areas without further delay.

Finally, CCSF notes that the urgency of PG&E's motion was created by PG&E's own failure to comply sooner with the orders of the NTSB and the Commission. PG&E was aware of the NTSB recommendations and the Commission directives in January 2011. If PG&E had questions about the appropriate MAOP validation methodology, those questions should have been raised at the outset. PG&E's delay in seeking clarification only after it filed its March 15 Compliance Report, its March 21 Supplemental Report, and its March 24th Compliance Plan for NTSB Safety Recommendations calls into question the efficacy of its efforts to-date. The Commission should not countenance continued delays.

Date: April 29, 2011

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Paula Fernandez, declare that:

I am employed in the City and County of San Francisco, State of California. I am over the age of eighteen years and not a party to the within action. My business address is City Attorney's Office, City Hall, Room 234, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102; telephone (415) 554-4623.

On April 29, 2011, I served the **Response of the City and County of San Francisco to Pacific Gas & Electric Company's Motion for Adoption of a Maximum Allowable Operating Pressure Validation Methodology** by electronic mail on all parties on the service list **R.11-02-019**.

Addressees without email were served as follows:

BY UNITED STATES MAIL: Following ordinary business practices, I sealed true and correct copies of the above documents in addressed envelope(s) and placed them at my workplace for collection and mailing with the United States Postal Service. I am readily familiar with the practices of the San Francisco City Attorney's Office for collecting and processing mail. In the ordinary course of business, the sealed envelope(s) that I placed for collection would be deposited, postage prepaid, with the United States Postal Service that same day.

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I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on April 29, 2011, at San Francisco, California.

/S/

Paula Fernandez