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)

REPORT OF PACIFIC GAS AND ELECTRIC COMPANY ON STATUS OF MAXIMUM ALLOWABLE OPERATING PRESSURE VALIDATION PROJECT AS OF MAY 31, 2011

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Pacific Gas and Electric Company ("PG&E") hereby provides a status update as of May 31, 2011, on PG&E's records collection, Pipeline Features List ("PFL") build, Maximum Allowable Operating Pressure ("MAOP") validation efforts, and ongoing efforts to locate records of pressure tests. Although the targets in the Compliance Plan are aggressive, as discussed below PG&E has made solid progress and is on track to complete the MAOP validation for Priority 1 miles by the June 30, 2011 deadline.

PG&E submitted "PG&E's Compliance Plan for NTSB Safety Recommendations" ("Compliance Plan") to the California Public Utilities Commission ("CPUC" or "Commission") as part of the March 24, 2011 stipulation between PG&E and the Commission's Consumer Protection and Safety Division ("CPSD"). Yesterday, the CPUC issued Decision No. 11-06-017, Decision Determining Maximum Allowable Operating Pressure Methodology and Requiring Filing of Natural Gas Transmission Pipeline Replacement or Testing Implementation Plans. Decision No. 11-06-017 does not directly address PG&E's Compliance Plan, but Ordering Paragraph 1 directs PG&E to complete its MAOP validation effort. Accordingly, PG&E is submitting this monthly status report for May 2011 as provided in the Compliance Plan.[1/]

1/ See PG&E's Compliance Plan for NTSB Safety Recommendations, at pp. 2-3.

I. BACKGROUND

On January 3, 2011, the National Transportation Safety Board ("NTSB") issued three urgent safety recommendations to PG&E with respect to searching for records and validating the MAOP of PG&E's transmission lines in Class 3 and Class 4 locations and Class 1 and 2 high consequence areas ("HCAs").[2/] That same day, Commission Executive Director Clanon sent PG&E a letter directing the company to comply with the first two NTSB recommendations. With respect to the NTSB's third recommendation, Mr. Clanon said PG&E "will receive further directives from the Commission." The Commission ratified the Executive Director's directive in Resolution L-410 (January 13, 2011).

PG&E's Compliance Plan was submitted to the Commission as Attachment 1 to the March 24, 2011 stipulation between PG&E and CPSD. The Compliance Plan identifies the priorities and the schedule for completing PG&E's MAOP validation efforts. PG&E and CPSD identified the following four priorities for validating the MAOP for pipeline segments in HCAs for which PG&E has not yet located pressure test records:

- **Priority 1:** 152 miles for segments for which the records indicate the segments have common characteristics with the records for the ruptured segment of Line 132, specifically pre-1962 24 to 36 inch double submerged arc welded (DSAW) pipe or pre-1974 seamless pipe greater than or equal to 24 inches in diameter.
- **Priority 2:** 295 miles for segments for which the records indicate the pipe contains low frequency electric resistance welds (ERW), single-submerged arc welds (SSAW), or flash and lap welded pipe installed prior to 1970.
- **Priority 3:** 206 miles of all remaining segments installed prior to July 1, 1970 for which records are still under review.

2/ As PG&E has previously noted, this is not the definition of HCAs that PG&E uses for its integrity management program. For the sake of simplicity, this Status Report uses "HCAs" to refer to all the pipe segments in Class 3 and Class 4 locations and Class 1 and 2 HCAs, and phrases such as "HCA pipelines" and "HCA miles" to refer to the pipelines covered by the records validation, not PG&E's integrity management program.

- **Priority 4:** 52 miles of all remaining segments installed after July 1, 1970 for which records are still under review.

II. UPDATE ON PRESSURE TEST RECORDS

The additional pressure test records identified after the March 15, 2011 Report, included in the May 10, 2011 Report, reduce the miles that need to be pressure tested, and also impact the MAOP Priority category miles. As discussed in the Background section above, the MAOP Priority mileages were based upon validating the MAOP for pipeline segments in HCAs for which PG&E had not yet located pressure test records. The segments for which PG&E has located pressure test records after March 15 are by definition now a lower priority.

Table 1 below shows the old and new mileage, grouped by completion date:

Table 1
REVISED PRIORITY MILEAGE IN LIGHT OF RECENTLY LOCATED OR CONFIRMED PRESSURE TEST RECORDS

Priority	Completion Date	Compliance Plan Miles	Complete Pressure Test Miles Confirmed Between March 15 and May 31	Revised Mileage
1	June 30, 2011	152	12	140
2	July 31, 2011	295	32	263
3 & 4	August 31, 2011	258	24	234
Total		**705**	**68**	**637**

PG&E is completing the MAOP validation work for all 152 miles of Priority 1 segments in order to keep the very aggressive MAOP validation effort set forth in the Compliance Plan on track. For the other priorities, however, PG&E will focus on the true priority miles, i.e., those without prior pressure test records. PG&E also anticipates that as the PFL build process continues in the coming months we will continue to confirm complete hydrotest records for particular segments, which would result in further mileage adjustments.

With respect to the 295 miles of Priority 2 segments, approximately 19 miles are associated with 1,135 unique segments consisting of limited features that include appurtenances such as blow-downs, drips, customer service lines, etc. identified as "shorts". Many of the "shorts" are of much smaller diameter and operate at lower percentages of specified minimum yield strength (SMYS) values as compared to the mainline pipeline that supply natural gas to these appurtenances. To focus resources on the highest priority segments and proceed in the most prudent manner, PG&E recommends that the PFLs and the MAOP validation of "shorts" be completed with the respective priority of the mainline pipeline except those "shorts" that are of similar diameter as the mainline pipeline. This would result in approximately 2 miles of "shorts" identified in priority 2 being completed with priorities 3 & 4 and approximately 9 miles being completed with segments of lower priority than 3 & 4, resulting in an overall reduction of Priority 2 mileage to 252 miles and an overall increase of Priorities 3 & 4 mileage to 236 miles. Pursuant to the Compliance Plan, PG&E has raised this with CPSD staff, and we will be exploring this further with them.[3/]

III. STATUS REPORT

In the proposed Compliance Plan, PG&E committed to submit monthly reports to the Commission on the progress made in the following areas toward meeting the Commission's directives.

A. Status of "traceable, verifiable and complete" documentation of "all as-built drawings, alignment sheets, and specifications, and all design, construction, inspection, testing, maintenance and other related records."

The purpose of this effort is to prepare the PFL folder, which contains the records documentation that will support the eventual PFL for each pipeline segment and respective components (e.g., valves, sleeves, bends, fittings, etc.), including as-built construction drawings, pipeline plan and profile drawings, bill of materials, material requisitions and specifications, A-forms, and pressure test records. As of its last report, PG&E had completed this phase for all

3/ See Compliance Plan, at page 3.

152 miles of Priority 1 segments. As of May 31, PG&E is close to completion of this phase for all Priority 2 segments and remains on track to complete this work for the remaining priority categories, consistent with the time frames set forth in the pending Compliance Plan.[4/]

B. Status of compilation of the PFL, including identification of all assumptions made in completing the PFL and of all field work to complete the PFL, and the results of all field work.

As of May 31, 2011, PG&E has completed the PFLs for over 80% of the 152 miles of Priority 1 pipe and has completed this step for approximately 45 miles of Priority 2 pipe. PG&E is continuing to develop the remaining PFLs, which undergo a quality control check, including physical field verification of some pipeline characteristics where necessary. PG&E performed two excavations in May for MAOP Validation related to Priority 1 pipe. CPSD Staff were present at each dig, both of which were in Milpitas. The first dig was on Line X6428, which verified that the seam type on the pipe is Double Submerged Arc Welded (DSAW). The second dig was on Line X651, which verified that the outside diameter on a reducer is 30.46 inches. The results of both digs validated the information on the as-built records.

C. Status of PG&E's progress in using "the traceable, verifiable, and complete records ... to determine the valid maximum allowable operating pressure, based on the weakest section of the pipeline or component."

As of May 31, 2011, PG&E has validated the MAOP for approximately 35 miles of Priority 1 category and continues this work for the remaining pipeline segments. PG&E met with CPSD on June 6, 2011 to discuss the documentation for this validation effort, and is providing CPSD with a DVD[5/] containing the MAOP validation documentation for these 35

4/ PG&E has increased the miles of pipe being validated in each phase for efficiency purposes and to be able to tie starting and ending points to physical appurtenances above ground. In other words, some segments may be listed as beginning or ending at a particular mile point, but when building a PFL it is necessary to tie starting and ending points to appurtenances, and not just a mile point on a drawing.

5/ Because the detailed information being provided includes sensitive infrastructure information, such as the precise location of valves, taps and regulators, PG&E is submitting the DVDs under Public Utilities Code section 583. PG&E will make DVDs with more high level, summary information available to any interested parties. PG&E is also providing CPSD with a DVD with the additional pressure test records located since April 30. As before, PG&E is submitting the pressure test records under section 583 due to employee names, but will make available a redacted version.

miles.[6/] As noted above, PG&E is on track to complete the MAOP validation effort for Priority 1 by June 30, 2011.

D. Summary of Quality Assurance/Quality Control recommendations and resulting process changes.

PG&E has a team dedicated to perform Quality Control (QC) of all PFLs and has also identified a separate team of contractors to be responsible for independent quality assurance (QA) work throughout the MAOP Validation Project. PG&E has been refining this MAOP validation process over the last month, and has made three process changes:

- Records Identification: We have established clear criteria for inclusion of the most relevant documents to be included in the PFL build package.
- Relevant Records Collection: We have created a separate team and a process to clearly identify and track the collection of the documents requiring retrieval from field offices.
- PFL Build: We have developed a standard template and tool to ensure consistency and completeness of the PFL builds, and conduct regular feedback and corrective actions to minimize errors.

E. Discussion of any change PG&E makes to the transmission pipeline system as a result of any of the MAOP validation efforts.

As discussed above, PG&E has completed the MAOP validation work for approximately 35 miles covered by the Compliance Plan. Based on this MAOP validation work, PG&E has reduced the MAOP of a 25-mile section of Line 131 from 525 psig to 492 psig, based on conservative assumptions regarding a pipe feature for which the original job did not contain all desired information.

6/ This is of course a status report as of May 31, and PG&E is continuing to review and analyze its records, such that some of the information presented here may change. In particular, PG&E is completing a system-wide verification of pipeline class designations as discussed in PG&E's September 23, 2010 letter to CPUC Executive Director Paul Clanon. The class information and MAOP information reported in these DVDs may change depending upon the results of the system-wide verification of class designations.

IV. CONCLUSION

PG&E remains committed to operating and maintaining its gas transmission pipeline system safely and reliably. The information PG&E is gathering, including the Pipeline Features Lists, are important components of our goal of improving our overall system performance and safety.

Respectfully Submitted,

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