

**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 HYDROSTATIC PRESSURE TESTING
AS OF AUGUST 30, 2011**

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Pacific Gas and Electric Company (“PG&E”) hereby provides a status update as of August 30, 2011, on PG&E’s ongoing hydrostatic pressure testing efforts. All of the hydrostatic tests that PG&E has completed through August 30, 2011 have been successful.

On June 9, 2011, the California Public Utilities Commission (“CPUC” or the “Commission”) 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 directs PG&E to continue its efforts to perform hydrostatic testing of 152 miles of pipeline in 2011. (D.11-06-017, at p. 19.)

During the pre-hearing conference on June 2, 2011, PG&E agreed to provide monthly status reports on the status of its hydrostatic testing efforts for these 152 miles of pipeline. On June 16, 2011, assigned Commissioner Florio issued a Scoping Memo and Ruling directing PG&E to file the first such report by June 30, 2011 and at 30-day intervals thereafter. (See Ordering Paragraph 5.)

I. UPDATE ON STATUS OF HYDROSTATIC TESTS

Appendix A is a detailed spreadsheet listing the status and schedule as of August 30, 2011 for hydrostatic tests planned for 2011.¹ Appendix A provides an overview of the major milestones for each project, whether pipeline replacement or hydrostatic test, from construction mobilization to clearance to pipeline tie-in. Appendix A also lists the hydrostatic tests that have been completed successfully, the pipeline sections that were cut out and replaced, and the pipeline sections for which complete strength test pressure reports have been verified since March 15, 2011, when PG&E filed its proposal to hydrostatically test or replace 152 miles of pipe in 2011.

PG&E considers a test section complete when all sub-sections have been hydrostatically tested and returned to service. As of August 30, 2011, PG&E has completed hydrostatic tests and returned those sections to service for 24 test sections and replaced 1 test section,² totaling 35.2 miles. In addition, complete strength test pressure records have been verified for 23 test sections, representing over 39 miles. In total, 75.1 of the 152 transmission pipeline miles have been tested, replaced, or have had strength test pressure records verified.

Table 1 below lists the 24 test sections where the hydrostatic tests have been completed and the sections have been returned to service:

Table 1: Completed Hydrostatic Tests

Test	Line No.	City	Tie-In Date
T-40	L-132A	Mountain View	05/25/11
T-41	L-132A	Mountain View	05/25/11
T-96	SP5	Oakley	05/27/11
T-11	L-105N	Newark	06/12/11
T-02	L-101	San Jose	06/11/11
T-03	L-101	Santa Clara	06/11/11
T-51	L-300A	Newberry-Baker	06/12/11
T-52	L-300A	Newberry Springs	06/12/11
T-77	L-300B	Newberry Springs	06/21/11

¹ PG&E has also conducted hydrostatic tests at the Topock compressor station, in connection with preparing to restore operating pressure as discussed in PG&E's July 11, 2011 motion for delegation of authority. That test has not been included in Attachment A. PG&E has added another hydrostatic test, T-114, for a segment that previously was going to be replaced. Finally, PG&E has realized prior reports had inadvertently failed to list T-14, a hydrostatic test on L-105N, which is now included on Attachment A.

² The following small replacement has been completed and the pipe returned to service: T-23 Line 131 in Milpitas.

T-45	L-153	Union City	07/11/11
T-46	L-153	Hayward	07/14/11
T-62	L-300A	Kettleman City	06/30/11
T-63	L-300A	Avenal/Kettleman City	06/30/11
T-85	L-300B	Cantua Creek	06/30/11
T-84	L-300B	Kettleman City/Avenal	07/26/11
T-20	L-131	Sunol	07/30/11
T-44	L-153	Fremont	08/06/11
T-70	L-300A	San Jose	08/08/11
T-71	L-300A	San Jose	08/08/11
T-72	L-300A	San Jose	08/08/11
T-73	L-300A	San Jose	08/08/11
T-74	L-300A	Milpitas	08/08/11
T-60	L-300A	Arvin	08/12/11
T-28	L-132	Mountain View	08/18/11

Table 2 below lists the sections for which hydrostatic tests have been successfully performed³ but the pipeline is still out of service and therefore not yet considered a completed section:

Table 2: Hydrostatic Tests Performed But Not Yet Tied-In

Test	Line No.	City	Hydrostatic Test	Tie-In Date
TV-36	L-132	San Bruno	06/09/11	09/17/11
T-89	L-300B	San Jose	08/20/11	09/12/11
T-90A	L-300B	San Jose	08/28/11	09/12/11
T-90B	L-300B	San Jose	08/30/11	09/12/11
T-81	L-300B	Arvin	08/22/11	09/01/11
T-80	L-300B	Tehachapi	08/26/11	09/01/11
T-82	L-300B	Bakersfield	08/23/11	09/01/11
T-10	L-105C	Oakland	08/25/11	08/31/11
T-76	L-300B	Barstow/Topock	08/28/11	08/31/11

Table 3 below lists the sections for which hydrostatic test records have been verified:

Table 3: Test Sections with Verified Records

Test	Line No.	City
T-1	L-21A	Sonoma County
T-4	L-101	Mountain View
T-6	L-101	Millbrae
T-8	L-105A	Albany
T-18	L-107	Livermore
T-91	L-301G	Hollister
T-95	L-SP3	Concord
T-97	L-0821-01	San Jose
T-113	L-101	Mountain View
T-12	L-105N	Hayward
T-21	L-131	Fremont
T-58	L-300A	Kern County
T-59	L-300A	Kern County
T-66	L-300A	Hollister
T-50	L-300A	Topock
T-111	L-153	Newark
T-88	L-300B	San Martin
T-53	L-300A	Barstow

³ Two tests have been performed but represent only a subset of an entire section: T-25A Line 132 in Santa Clara, and T-47A Line 153 in San Leandro.

T-78	L-300B	Daggett
T-83	L-300B	Bakersfield
T-99	1816-01	Watsonville
T-100	1816-01	Watsonville
T-61	300A	Kern County

In the month of September 2011, PG&E plans to conduct up to 18 hydrostatic tests. The hydrostatic testing of approximately 150 miles of pipeline requires execution of a very aggressive and complex schedule. Schedules for each test may change based on test-specific situations and delays due to system-related issues. PG&E continues to work through schedule challenges associated with gas system availability and delays associated with permitting and land access.

A few miles of pipeline, however, pose challenges that may lead to delays. Approximately 0.47 miles of the 152 Priority 1 miles reside within regulating and compressor stations. These small segments pose complex engineering and construction challenges where a hydrotest conducted without sufficient analysis and diligence could have serious consequences to both the safety and reliability of the pipeline system. PG&E recommends performing additional engineering analysis in 2011 and hydrotesting these small segments in 2012 to ensure that these tests are done safely. In addition, approximately 3.5 miles of the 152 Priority 1 miles are located within environmentally sensitive areas potentially impacting endangered species, which require permits that can take up to 6 months to acquire. In these cases, the permitting timelines may lead to delays in PG&E's current schedule. Other test sections representing 1.6 miles of the Priority 1 miles present special challenges, such as a section of pipe crossing over a major freeway. PG&E is presently evaluating whether to replace the overhead crossing with a below ground crossing of the freeway in lieu of a hydrostatic test. In addition, PG&E has identified two parallel sections of pipe crossing under rivers that provide redundant gas supply to customers. Should one line need to be taken out of service, PG&E will delay the test of the other line to ensure adequate gas supply. PG&E remains committed to ensuring that adequate time and resources are spent on this work to achieve both safe and high quality results. We take both of these into consideration when acting on the challenges we encounter.

II. CONCLUSION

PG&E appreciates the support and opportunity to work collaboratively with the CPUC to expedite permitting processes. PG&E also appreciates the cooperation and understanding of local governments and government agencies to help expedite the permitting process.

PG&E remains committed to operating and maintaining its gas transmission pipeline system safely and reliably. The information PG&E is gathering through ongoing hydrostatic tests are important components of our goal to improve our overall system performance and safety.

Respectfully submitted,

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APPENDIX A

