

**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 JULY 30, 2011**

STEPHEN L. GARBER
JONATHAN D. PENDLETON

Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94105
Telephone: (415) 973-2916
Facsimile: (415) 973-5520
E-Mail: JIPC@pge.com

JOSEPH M. MALKIN

Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, CA 94105
Telephone: (415) 773-5705
Facsimile: (415) 773-5759
E-Mail: jmalkin@orrick.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: August 1, 2011

**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 JULY 30, 2011**

Pacific Gas and Electric Company (“PG&E”) hereby provides a status update as of July 30, 2011, on PG&E’s ongoing hydrostatic pressure testing efforts.

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. 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.¹ (See Ordering Paragraph 5.)

¹ Since the 30-day interval of the current report (July 30) falls on a Saturday, pursuant to Rule 1.15 of the Commission’s Rules of Practice and Procedure PG&E is filing its July 30 report on Monday, August 1.

I. UPDATE ON STATUS OF HYDROSTATIC TESTS

Appendix A is a detailed spreadsheet listing the status and schedule as of July 30, 2011 for all hydrostatic tests planned for 2011. 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 hydro test or replace 152 miles of pipe in 2011.

As of July 30, 2011, PG&E has completed hydrostatic tests and returned those sections to service for 15 test sections² and replaced 1 test section,³ totaling 17.46 miles. In addition, complete strength test pressure records have been verified for 17 test sections,⁴ which represent over 19.8 miles. In total, 37.31 of the 152 transmission pipeline miles have been tested, replaced, or have had strength test pressure records verified.

² A test section is considered complete when all sub-sections have been hydrostatically tested and returned to service. The following tests have been completed and the pipe has been returned to service: T-40 Line 132 A in Mountain View, T-41 Line 132A in Mountain View, T-96 Stanpac 5 in Antioch, T-11 Line 105N in Newark, T-02 Line 101 in San Jose, T-03 Line 101 in Santa Clara, T-51 and T-52 Line 300A in San Bernardino County near Newberry Springs, T-77 Line 300B in San Bernardino County near Newberry Springs, T-62 and T-63 Line 300A near Avenal, T-85 Line 300B in Fresno County, T-45 Line 153 in Union City (July), T-46 Line 153 in Hayward (July), and T-84 Line 300B in Kettleman City (July). The following hydrostatic tests have been completed but the pipeline is still out of service and is not considered a completed section: T-36 Line 132 South San Francisco, T-44 Line 153 in Fremont (July), T-70 and T-71 Line 300A in San Jose (July), and T-47A Line 153 in San Leandro (July). In addition, the following test has been completed but represents only a subset of an entire section: T-25A Line 132 in Santa Clara.

³ The following small replacement has been completed and the pipe returned to service: T-23 Line 131 in Milpitas.

⁴ Hydrostatic test records have been verified for the following test sections: T- 1 Line 21A in Sonoma County, T-4 Line 101 in Mountain View, T-6 Line 101 in Millbrae, T-8 Line 105A in Albany, T-12 Line 105N in Hayward, T-18 Line 107 in Livermore, T-21 Line 131 in Fremont, T-50 Line 300A in Topock, T-58, T-59 and T-61 Line 300A in Kern County, T-66 Line 300A in Hollister, T-91 Line 301G in Hollister, T-95 Stanpac 3 in Concord, T-97 Line 0821-01 in San Jose, T-113 Line 101 in Mountain View, T-111 Line 153 in Newark (July), and T-88 Line 300B in San Martin. In addition, the amount of pipe to be tested for several tests has been shortened due to verified records including T-15, T-69N, T-70 and T-80.

All of the hydrostatic tests that PG&E has completed through July 30, 2011 have been successful with no pipeline leaks.

Progress in July was slowed due to the pressure reductions that occurred on Line 300 in early July as a result of the class location analysis. Several tests on Line 300 were delayed until system operations and shippers were accustomed to the lower pressure and ready to handle the impact of a hydrotest outage.

In the month of August 2011, PG&E may conduct up to 20 hydrostatic tests. Schedules for each test may change based on test-specific situations and delays due to system-related issues. The hydrostatic testing of approximately 150 miles of pipeline requires a very aggressive schedule. PG&E has experienced some schedule slippage due to gas system availability, including pressure reductions on its gas transmission system, as well as permit delays, limited access to land to accommodate water tanks, and water handling issues. The test schedule has also been adjusted to accommodate complex permitting issues relating to environmentally sensitive areas and endangered species. While we continue to make progress in resolving the permitting issues, PG&E remains concerned that these issues may cause delays in testing.

PG&E would like to thank the many permitting agencies and municipalities who have worked cooperatively to issue the necessary permits on expedited schedules. The PG&E team is working hard to get ahead of the testing schedule to facilitate permitting on a more normal timeline. Above all, PG&E's first priorities are and will continue to be safety and quality in performing this work.

///

///

///

II. CONCLUSION

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 of improving our overall system performance and safety.

Respectfully Submitted,

STEPHEN L. GARBER
JONATHAN D. PENDLETON
JOSEPH M. MALKIN

By: _____ /s/
JONATHAN D. PENDLETON

PACIFIC GAS AND ELECTRIC COMPANY
77 Beale Street
San Francisco, CA 94105
Telephone: (415) 973-2916
Facsimile: (415) 973-5520
E-Mail: jlpc@pge.com
jmalkin@orrick.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: August 1, 2011

APPENDIX A

