

**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)

**PACIFIC GAS AND ELECTRIC COMPANY'S COMMENTS ON
PROPOSED DECISION ADOPTING PROCEDURE FOR LIFTING
OPERATING PRESSURE RESTRICTIONS**

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Pacific Gas and Electric Company (PG&E) supports Administrative Law Judge (ALJ) Maribeth A. Bushey's proposed Decision Adopting Procedure for Lifting Operating Pressure Restrictions (PD) with certain clarifications necessary for consistency with pre-existing Commission directives and one modification to provide some flexibility in the required engineering analysis.

First and foremost, PG&E supports the PD's emphasis on safety. PG&E agrees that it "must be fully accountable for the pressure test and the assertion that [a] pipeline can be safely returned to a higher [Maximum Allowable Operating Pressure]." PD at 11. We also agree that the "burden of proving that particular facilities are safe also rests with PG&E." PD at 6. We will not seek to restore the normal operating pressure on any pipeline unless the company can demonstrate it is safe to do.

Second, PG&E supports the open process proposed by the PD. We understand that pipeline safety is a matter of intense public interest, and we will work with the Commission and other stakeholders to demonstrate that the pipelines have been thoroughly reviewed and that the integrity of the pipelines has been confirmed and they can be safely restored to normal operating pressure.

The remainder of these comments addresses the clarifications or modifications to the PD necessary to assure safety and confidence in the operation of the gas system consistent with the Commission's prior directives.

I. THE COMMISSION'S DIRECTIVES HAVE BEEN ADDRESSED TO HCAS, BUT PG&E WILL RE-PRIORITIZE ITS WORK TO ASSURE SAFETY ON ALL SEGMENTS WHERE PRESSURE IS RESTORED

Because of the nature of its gas pipeline system, PG&E could not limit the pressure reductions implemented in response to the Commission's directives to the affected High Consequence Areas (HCA) segments.^{1/} Instead, pressure reductions were taken between limiting and control stations, and typically involve both HCA and non-HCA segments.

To date, virtually all regulatory directives, including those to reduce operating pressure, have been addressed to HCAs. Consistent with prior regulatory guidance, PG&E's focus has been on these most densely populated areas. It is not clear whether the PD intended to require complete pressure test records and Maximum Allowable Operating Pressure (MAOP) validation for non-HCAs or rural areas and shift PG&E's priorities. While the concentration should continue to be on HCA areas, to provide assurance that the entire pipeline section is safe before restoring pressure, PG&E will provide a complete MAOP validation, including the non-HCA portions, for CPSD's review and concurrence. PG&E believes it should continue to focus its pressure test schedule on HCAs per previous regulatory directives.

For context, the Commission's directives to lower pressure have addressed HCA segments, with the exception of Executive Director Clanon's September 13, 2010 letter, and confirming Resolution L-403, directing pressure reduction on Line 132. The first characteristic listed in Executive Director Clanon's December 16, 2010 letter is "all Class 3 & 4 pipelines and all Class 1 & 2 pipelines located in High Consequence Areas (gas transmission lines as defined

^{1/} These Comments use "HCAs" to refer to all the pipe segments in Class 3 and Class 4 locations and Class 1 and 2 high consequence areas, although this is not the definition of HCAs that PG&E uses for its integrity management program.

by 49 CFR 192.3).” Similarly, the Executive Director’s February 2, 2011 letter is also focused on HCA segments: It directed reduced operating pressure “for any additional transmission lines that have segments located in HCAs” that experienced pressure more than 10% above MAOP.

The National Transportation Safety Board (NTSB) has also focused on HCAs. The NTSB’s January 3, 2011 recommendations regarding validating MAOP are directed towards “transmission lines in class 3 and class 4 locations and class 1 and class 2 high consequence areas that have not had a maximum allowable operating pressure established through prior hydrostatic testing.” The Commission endorsed the primacy of HCA safety efforts in the Executive Director’s January 3, 2011 letter directing PG&E to comply with the NTSB recommendations, which was ratified in Resolution L-410. Similarly, Decision 11-06-017 orders PG&E, and the other utilities, to file Implementation Plans that “should start with pipeline segments located in Class 3 and Class 4 locations and Class 1 and Class 2 high consequence areas, with pipeline segments in other locations given a lower priority for pressure testing.” (See D.11-06-017, at Ordering Paragraph 4.)^{2/}

PG&E’s 2011 hydrostatic test efforts and our Pipeline Enhancement Safety Plan filed last week – consistent with Commission guidance – address HCA areas first, with non-HCA areas to follow after completion of efforts in HCA areas.

II. PRESSURE TESTING ON LINE 300B/TOPOCK SHOULD FOCUS ON HCA SEGMENTS.

PG&E appreciates the PD’s creation of an expedited approach for Line 300B and the suction side of the Topock compressor station. Restoring pressure on the suction side of Topock is important for system capacity and reliability. PG&E is prepared to submit hydro test results

^{2/} This approach is also consistent with federal regulations that provide for enhanced safety efforts for HCA segments. See 49 CFR Part 192, Subpart O. The federal regulations that direct operators to prioritize a segment for assessment and possible testing if pressure exceeds MAOP only address HCA segments. See 49 CFR §§ 192.917(e) & 192.903 (definition of a covered segment).

for the HCA portion, MAOP validation for the entire portion of Line 300B where PG&E proposes to restore pressure, and all other Supporting Information on or before the September 12 date set out in the PD. PG&E cannot, however, hydro test the non-HCA segments before this coming winter's peak. Nevertheless, for the reasons described below, pressure can be safely restored on the non-HCA segments without hydro testing.

The portion of Line 300B upstream of Topock compressor station is an excellent example of why the Commission should not require pressure tests for non-HCA segments at this time. Topock compressor station is in the middle of an uninhabited area, with the only buildings nearby those within the compressor station itself (an HCA). The upstream portion of Line 300B (non-HCA) runs about half a mile from the Colorado River through uninhabited area to the compressor station. Before the pressure reduction, the maximum operating pressure of this portion of the line was only 43% of Specified Minimum Yield Strength ("SMYS") – well below the percent of SYMS for class 3 locations of 50%.^{3/} Requiring pressure tests on the upstream, non-HCA portion of Line 300B in order to restore pressure would divert resources and delay completing pressure tests in the more populated areas the Commission, the NTSB and the pipeline safety regulations have made a higher priority. In addition, part of the non-HCA pipe where pressure has been reduced is a segment on an old pipeline bridge that crosses the Colorado River. Given the weight of water, hydro testing the pipe may affect the integrity of the bridge. To demonstrate the safety of this non-HCA portion of Line 300B, PG&E will submit a complete MAOP validation.

Accordingly, PG&E proposes the PD be clarified to follow the Commission's own focus: require hydro tests for pressure restoration only on the HCA segments where pressure will be increased. Doing so will align the PD with the Commission's overall approach stressing that safety measures should be directed to HCA segments first. PG&E will assure safety of both

^{3/} Class 1 pipelines may operate at 72% of SMYS; Class 2 at 60%.

HCA and non-HCA segments through a complete MAOP validation prior to requesting pressure restoration.

III. CLARIFICATION OF PRESSURE TEST REQUIREMENTS

The PD is unclear regarding whether every pressure test – whether past or current – for a segment, or as PG&E proposes, an HCA segment, needs to be a 49 CFR Part 192, Subpart J strength test. (Compare Ordering Paragraph 4.C [“Complete pressure test results” without reference to Subpart J] with Ordering Paragraph 4.F.2 [“can confirm that a strength test in accord with 49 CFR Part 192, subpart J was performed”].) The PD never discusses this issue.

PG&E’s ongoing hydro test program follows the requirements of Subpart J. However, similar to the issue with pressure testing non-HCA segments diverting resources from pressure testing HCA segments, PG&E has not performed – nor has the Commission required – a second pressure test on segments with prior valid pressure tests. PG&E proposes that the PD be clarified to specify that the standard is a successful pressure test consistent with regulatory requirements in effect at the time of that test.^{4/} Otherwise, PG&E and its customers would be faced with either not restoring normal operating pressure, with the consequences of potential customer curtailments, or diverting hydro test resources from other, higher priority segments that do not have a valid prior pressure test. Such a result would be at odds with the Commission’s prior directives and with public safety.

IV. THE COMMISSION SHOULD NOT FORECLOSE CONSIDERATION OF METHODS OTHER THAN HYDRO TESTING TO PROVE SAFETY

As the PD notes, PG&E did not submit evidence of the consequences of failing to raise pressure on different pipelines, as we were focused on establishing a flexible process for restoring pressure, including delegating authority to the Executive Director. We understand and respect the desire to have a more open process and more specificity before authority is delegated.

^{4/} Longer term, as set forth in PG&E’s Pipeline Safety Enhancement Plan, filed August 26, pipeline segments will be pressure tested to modern standards or replaced.

Since we only plan to seek authorization to restore pressure where necessary for system reliability, in general the consequence of not raising pressure is the risk of customer curtailments. For example, Line 101 is a critical line serving San Francisco and the Peninsula. Without Line 101 pressure restored – and the other Peninsula lines operating at reduced pressure – core customers in San Francisco risk being curtailed during very cold weather. These core curtailments are in addition to substantial or full curtailment of Peninsula noncore customers. PG&E will provide more information on the consequences of not raising pressure in filing its plan and timetable for other segments, in accordance with Ordering Paragraph 1. Doing so in that forum will allow interested parties to comment on PG&E’s proposal.

Given that Ordering Paragraph 1 of the PD requires PG&E to file and serve a plan specifying a timetable for each segment/line, including plans for Supporting Information, PG&E believes it is premature to prejudge what information must be included in those future requests to lift operating pressure reductions. Because it will take until late September to complete hydro testing on certain critical lines, we request the Commission to adopt a comparably expedited schedule for consideration of restoring pressure for other lines as for Line 300B/Topock.

While PG&E supports hydrostatic testing as a method of proving the integrity of a pipeline, we do not believe that “one size fits all” requirement of 100% hydrostatic testing is the best course. There may be limited instances, for example, where pipe is proven to be seamless, where hydro testing, which primarily looks for seam defects, will not necessarily provide as good safety information as other analytical tools. PG&E thus proposes that, as set forth in Attachment A, the “minimum requirements” be more flexible, and allow PG&E the opportunity to justify in its Ordering Paragraph 1 filing why some of the information is not necessary or alternative information is acceptable. It makes sense to allow this flexibility because the variables and circumstances associated with pipe materials, testing criteria, locations, installation methods, operating history, etc. create situations that may be better analyzed with alternative tools rather than strength testing with a hydro test. We understand that the Commission does not presently

have a sufficient record to evaluate any such request, but we submit that it should not be foreclosed either at this juncture.

V. CONCLUSION

PG&E supports the PD, and especially the expedited public process it has established, with certain clarifications and one modification to allow flexibility in the engineering analysis. PG&E believes that requiring PG&E to hydro test non-HCA segments before operating pressure can be restored will divert resources from HCA segments, which have – rightfully – been the primary focus to date. PG&E will provide a complete MAOP validation of all HCA and non-HCA segments on which pressure will be restored. Accordingly, PG&E respectfully requests that the Commission adopt the PD with the clarifications we propose and as shown in Appendix A.

Respectfully Submitted,

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APPENDIX A

PROPOSED REVISIONS TO PROPOSED DECISION

1. In Ordering Paragraph 4, replace

Pacific Gas and Electric Company (PG&E) must include the following Supporting Information in any motion to increase natural gas pipeline maximum allowable operating pressure (MAOP) in a pipeline where the Commission has ordered the MAOP reduced

With

Pacific Gas and Electric Company (PG&E) should include the following Supporting Information in any motion to increase natural gas pipeline maximum allowable operating pressure (MAOP) in a pipeline where the Commission has ordered the MAOP reduced, or should justify why the information below is not necessary when PG&E submits its plan and timetable pursuant to Ordering Paragraph 1:

2. In Ordering Paragraph 4, section C, add “in Class 3 or Class 4 locations or Class 1 or Class 2 High Consequence Areas” after “segment” as follows:

Complete Pressure Test Results for each segment in Class 3 or Class 4 locations or Class 1 or Class 2 High Consequence Areas where a pressure increase will occur

3. In Ordering Paragraph 4, Section F.2, replace:

PG&E has reviewed hydro test results and can confirm that a strength test in accord with 49 CFR Part 192, subpart J was performed on the segment; and

With:

PG&E has reviewed hydro test results and can confirm that a pressure test was performed on each HCA segment consistent with the regulations in effect at the time the pressure test was performed; and