

**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 REPLY IN SUPPORT OF
MOTION FOR DELEGATION OF AUTHORITY TO THE EXECUTIVE
DIRECTOR AND ADOPTION OF A PROCEDURE TO OBTAIN
AUTHORIZATION TO RESTORE OPERATING PRESSURE**

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Dated: August 1, 2011

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Pursuant to Rule 11.1(f) of the Commission's Rules of Practice and Procedure, and with the permission of Administrative Law Judge Bushey, Pacific Gas and Electric Company ("PG&E") files these brief comments in reply to the Responses of the City of San Bruno (San Bruno), the City and County of San Francisco (CCSF), and The Utility Reform Network (TURN) (collectively, Responding Parties) to PG&E's motion for an order delegating authority to the Executive Director.

First, PG&E agrees with the Responding Parties that public safety is and should be the foremost consideration. PG&E readily acknowledges that the responsibility for the safe operation of the system is wholly ours, and we will not seek to restore the normal operating pressure on any pipeline until we are absolutely convinced it is safe to do so.

Second, PG&E fully understands that pipeline safety is a matter of intense public interest. We are happy to adopt Responding Parties' proposal that we serve our letter request and accompanying pressure test information and supporting data on any interested party on the service list.^{1/} Although not proposed by Responding Parties, we also pledge to provide copies of our letter request on every city and county in the area where pressure would be raised, so that local governmental officials are kept well informed.

^{1/} PG&E notes that much of the supporting material is quite voluminous, and is way too large to be sent by email. PG&E proposes to serve the letter request itself and provide a notice of availability of the underlying pressure test information and supporting data.

Third, PG&E does not agree, however, that a lengthy hearing process is advisable. It could be appropriate in some cases, such as where the Executive Director or the Consumer Protection and Safety Division have concerns that they want addressed. But many situations will need prompt action or be straightforward. As explained in PG&E's July 11 motion, we presently anticipate needing to raise pressure on a portion of Line 300B upstream of the Topock compressor station and on the suction side of the Topock compressor station in September 2011 to avoid adverse customer effects not only on the PG&E system but also deliveries to the Southern California Gas Company system. Pursuant to the Executive Director's February 2, 2011 letter, PG&E cannot raise pressure back to normal on this key segment without Commission approval because a High Consequence Area (HCA) segment experienced pressure slightly more than 10% above the Maximum Allowable Operating Pressure (MAOP).^{2/}

Fourth, PG&E would like to respond to TURN's request for clarification and PG&E's use of the word "primary". In virtually all cases, PG&E plans to submit proof of prior, complete pressure tests for which PG&E has validated the records, or the results of new pressure tests for each segment in a Class 3 or Class 4 location, or a Class 1 or Class 2 HCA on the portion of a transmission line where pressure has been reduced pursuant to Commission directive. These will be "complete" pressure tests, but not for non-HCA segments. Consistent with the Commission's priorities, PG&E has been pressure testing HCA segments first, before pressure testing non-HCA segments.

In some circumstances, however, the prudent engineering approach may warrant something other than a pressure test. For each segment where this is the case, PG&E will work with CPSD and the Executive Director to determine the most appropriate method for evaluating pipeline safety consistent with industry standards. In its motion, PG&E provided the example of seamless pipe where an engineering analysis may be preferable to a pressure test. These technical issues are, in PG&E's view, best suited for CPSD, its consultants, and the Executive

^{2/} The pressure experienced was 10.15% above MAOP, or 0.15% above the threshold set by the Executive Director's February 2 letter.

Director, so as not to burden the entire Commission with delays and hearings on each “one off” situation.

Finally, while the results of the NTSB’s investigation will be valuable for PG&E and the rest of the industry, and PG&E plans to incorporate any NTSB recommendations into our operational approach to enhance system safety, passing a pressure test demonstrates that the pipe is a safe pressure vessel and it is appropriate to increase pressure back to normal levels. With a successful pressure test in hand, there is no need to await the NTSB’s report before restoring normal pressure.

The Commission has ordered PG&E to maintain lower operating pressures on certain lines until authorized by the Commission to restore pressure. PG&E’s motion proposes a simple, straightforward, responsive and safe approach for obtaining that authorization in a timely manner, and should be granted.

Respectfully submitted,

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