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)

REPLY COMMENTS OF THE CITY AND COUNTY OF SAN FRANCISCO ON THE PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE BUSHEY ADOPTING PROCEDURES FOR LIFTING OPERATING PRESSURE REDUCTIONS

I. INTRODUCTION

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, the City and County of San Francisco ("CCSF") submits these reply comments to the comments filed by Pacific Gas & Electric ("PG&E") on ALJ Bushey's Proposed Decision Adopting Procedures for Lifting Operating Pressure Reductions ("Proposed Decision"). CCSF responds to aspects of PG&E's comments asking the Commission to modify the Proposed Decision by: (1) allowing PG&E to submit a complete MAOP validation for segments of Line 300B that are not located in High Consequence Areas ("HCAs") in lieu of providing pressure test results, and (2) adopting a more "flexible" approach to what Supporting Information must be submitted.

The Commission should adopt these changes only if the decision also clarifies that, first, PG&E can only rely upon a MAOP validation where it can provide verifiable, traceable and complete records. Second, where PG&E believes that a hydro test is not the most appropriate method for determining the MAOP, then PG&E should be required to explain why a hydro test is not the most appropriate method for establishing MAOP, propose an alternative means of

establishing MAOP, and provide sufficient proof that the proposed alternative provides an equal level of safety as a hydro test.

II. DISCUSSION

A. A Complete MAOP Validation Must Be Based on Verifiable, Traceable, and Complete Records.

PG&E states that for non-HCA segments of Line 300B, it will submit the relevant Supporting Information, and in lieu of pressure test records, a complete MAOP validation. PG&E claims that this deviation is necessary because it cannot "hydro test the non-HCA segments before the coming winter's peak"[1] and that the Commission should accept the MAOP validation in lieu of a pressure test because "restoring pressure to the suction side of Topock is important for system capacity and reliability."[2]

PG&E's use of the term "MAOP validation" is ambiguous. PG&E has struggled to provide traceable, verifiable and complete records.[3] Although the Commission has approved the limited use of engineering-based assumptions for PG&E's MAOP determinations, it qualified such approval by stating that the "[assumption-based MAOPs] should be used to prioritize segments for interim pressure reductions and subsequent pressure testing."[4]

Decision 11-06-017 also recognized that despite the potential benefits of completing the pipeline features list, "[s]uch efforts alone are not enough, however, to validate the safe operating pressure for its natural gas transmission pipeline."[5] Therefore, the Commission ordered PG&E to complete its MAOP determination based on a pipeline features list but also develop and file an Implementation Plan to hydro test or replace all pipelines lacking previous pressure test records.[6]

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[1] PG&E's Comments on the Proposed Decision, at p. 4.
[2] *Id.* at p. 3.
[3] PG&E Motion for Adoption of MAOP Validation Methodology, at p. 4.
[4] Decision Determining Maximum Allowable Operating Pressure Methodology And Requiring Filing of Natural Gas Transmission Pipeline Replacement or Testing Implementation Plans, D.11-06-017, (issued June 16, 2011), Conclusion of Law 1.
[5] *Id.* at p. 18.
[6] *Id.* Ordering Paragraphs 1 and 4.

At that time, the Commission recognized the importance of the safety margins created by the previously ordered pressure reductions. The Commission stated "[o]perators must abide by any pressure reductions that have been or may be ordered by this Commission or PHMSA."[7] The Commission even noted that further pressure reductions were being considered by the Commission.[8]

Now, PG&E asks the Commission to approve the removal of those safety margins and to allow PG&E to restore the MAOP based on a complete MAOP validation. Unless the complete MAOP validation is a records-based determination using traceable, verifiable and complete records that does not rely upon the use of assumptions, such a request runs counter to the Commission's stated safety goals. Therefore, the Commission should make clear that PG&E may not use assumptions as part of a complete MAOP determination. This requirement should apply to any requests to raise the MAOP.

B. Any Alternatives to Hydro Testing Should Provide an Equal Level of Safety.

PG&E proposes that the minimum requirements for what must be provided in the Supporting Information be modified to be "more flexible." PG&E claims that in certain instances 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." CCSF appreciates that not all requests are identical. However, PG&E's desire for flexibility should not come at the expense of safety. If PG&E believes that relevant factors make clear that a hydro test is not the best means of establishing MAOP, then PG&E should explain why the hydro test is not the best method, propose an alternative means of determining the MAOP, and demonstrate how the proposed alternative provides the same level of safety as a hydro test.

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[7] *Id.* at p. 19.
[8] *Id.*

III. CONCLUSION

The Commission should adopt the Proposed Decision with the modifications proposed above.

Respectfully submitted,

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