In The Matter Of:

NTSB Public Hearing Re:

PG&E Gas Transmission Pipeline - DAY 2

March 2, 2011

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NATIONAL TRANSPORTATION SAFETY BOARD

OFFICE OF ADMINISTRATIVE LAW JUDGES

Public Hearing in the matter of:

Pacific Gas and Electric DAY 2 OF 3

Natural Gas Transmission

Pipeline

NTSB Board Room and Conference Center
490 L'Enfant Plaza
Washington, D.C. 20024

Wednesday, March 2, 2011

9:02 A.M. TO 4:17 P.M.

BEFORE THE NTSB PANEL:

Deborah A. Hersman, Chairman, Board of Inquiry
Mark R. Rosekind, Member
Christopher A. Hart, Vice Chairman
Robert Sumwalt, Member
Earl F. Weener, Ph.D., Member

TECHNICAL BOARD FOR MORNING SESSION:
Dana Sanzo, Bob Trainor

WITNESSES FOR MORNING SESSION:

Dennis Haag, City of San Bruno, Fire Chief

James (Jim) Narva, NASFM, Executive Director

Peter Lidiak, API, Pipeline Director

Terry Boss, INGAA, Sr. VP Environment Safety and Operations

Carl Weimer, Pipeline Safety Trust, Executive Director

Aaron Rezendez, PG&E, Sr. Program Manager, Safety Health and Claims
Annmarie Robertson, PHMSA, Program Manager

TECHNICAL PANEL FOR AFTERNOON SESSION
Ravi Chhatre, Karl Gunther, Matt Nicholson

WITNESSES FOR AFTERNOON SESSION

Dennis Lee, CPUC, Sr. Utilities Engineer, Supervisor

Richard Clark, CPUC, Director, Consumer Protection and Safety Division

Julie Halligan, CPUC, Deputy Director, Consumer Protection and Safety Division

Linda Daugherty, PHMSA, Deputy Associate Administrator for Policy and Program

Zach Barrett, PHMSA, Director, State Programs

Paul Metro, NAPSR, Vice-Chair

* * * P R O C E E D I N G S * * *

9:02 A.M.

MARCH 2, 2011 - DAY 2

CHAIRMAN HERSMAN: Good morning, and welcome back to Day 2 of our public hearing of San Bruno. We'll begin with our third panel on public awareness.

Ms. Ward, will you please swear in the witnesses.

HEARING OFFICER WARD: Thank you, Madam Chairman. For the record, we have Chief Haag, Mr. Jim Narva, Mr. Peter Lidiak, Mr. Terry Boss, Mr. Carl Weimer, Mr. Aaron Rezendez, and Ms. Annmarie Robertson already seated.

If I could have the witnesses please rise to be sworn in.

DENNIS HAAG,
JAMES NARVA,
PETER LIDIAK,
TERRY BOSS,
CARL WEIMER,

AARON REZENDEZ,
and ANNMARIE ROBERTSON,
called as a witness in this case,
having been first duly sworn
upon their oath, testified as follows:

HEARING OFFICER WARD: And starting with Chief Haag, if you could please state your full name, title and a brief description of your duties and responsibilities.

DENNIS HAAG: Good morning. My name is Dennis Haag, Fire Chief of the City of San Bruno. I have over 30 years experience in Fire Service, became fire chief in the City of Millbrae, a city just south of San Bruno, in 2000. And was -- services [inaudible] and became chief of San Bruno in 2008.

I have a Fire Chief certification in the State of California and a Bachelor's degree in economics from San Francisco State. Thank you.

HEARING OFFICER WARD: Mr. Narva.

JAMES NARVA: Good morning. I'm Jim Narva. I'm the executive director for the

National Association of State Fire Marshals. Previous to that I was Wyoming State Fire Marshal, and I've been with the Fire Service for about 25 years.

HEARING OFFICER WARD: Thank you. Mr. Lidiak.

PETER LIDIAK: Hi. I'm Peter Lidiak. I'm Fire Director for the American Petroleum Institute, API, a little over ten years, working in refining, fuels, and pipeline-related issues, and represent our member companies on pipeline safety operations and environmental issues.

HEARING OFFICER WARD: Mr. Boss?

TERRY BOSS: Yes. I'm Terry Boss, Senior Vice President of Environment, Safety and Operations at the Interstate Natural Gas Association of America which represents the Interstate Natural Gas Transmission Pipelines in the Northern 48 here.

And I've been with INGAA for around 18 years working in various areas. Before that I had 19 years with a pipeline company, then one year

with a research group.

HEARING OFFICER WARD: And, Mr. Weimer?

CARL WEIMER: Yes, I'm Carl Weimer. I'm the executive director of the Pipeline Safety Trust. The Trust is the only national non-public interest group that focuses on pipeline safety.

I'm also an elected member of the Whatcom County Council, so I'm the an elected public official for the public awareness efforts.

HEARING OFFICER WARD: Mr. Rezendez.

AARON REZENDEZ: Hello. I'm Aaron Rezendez. I'm the senior program manager for Public Safety at Pacific Gas & Electric Company. I've been in this position for five years. I've worked in a variety of capacities within communications here at PG&E for the past nine years. I have a Bachelor of Science in geology from the University of Missouri, and I have a master's in civil environmental engineering from Stanford University.

HEARING OFFICER WARD: And, Ms. Robertson.

ANNMARIE ROBERTSON: I'm Annmarie Robertson. I am a program manager for the Business Office of Program Development. Prior to coming to PHMSA, I worked with the State of Indiana where I managed the Gas Pipeline Safety Program for several years.

I also served as Chair of the National Association of Pipeline Safety Representatives until I transitioned over to PHMSA. My work at PHMSA, I focus on damage prevention, public awareness, and working with various stakeholders throughout the country to advance those initiatives.

HEARING OFFICER WARD: Thank you.

Madam Chairman, the witnesses have been sworn in and qualified, and they're ready to be questioned by Ms. Sanzo.

CHAIRMAN HERSMAN: Thank you, Ms. Ward.

Ms. Sanzo, please begin questioning from the Technical Panel.

MS. SANZO: Chief Haag, prior to September 9th, what natural gas pipelines were you

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aware of within San Bruno?
CHIEF HAAG: The fire department was only aware -- we thought that the gas that was moving through the system serviced the City of San Bruno. We did not know that there was a transmission line through the city until after the incident.
MS. SANZO: Were you aware of the two other transmission pipelines that run parallel to line 132?
DENNIS HAAG: During orientation PG&E had run through a regular orientation, it was mentioned that there are two pipelines that run the Peninsula, pipelines that go essentially through the freeway corridors of 101 and 280.
MS. SANZO: What information do you believe is critical for firefighters for responding safely to natural gas incidents?
DENNIS HAAG: Well, on a routine basis we work with PG&E on typical gas leak halls, electrical lines down, old fires, transformed fires, and so forth and so on. So, that, we're

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very familiar with.
In the event of a pipeline, we really don't have any direct training on pipeline training, so ...
MS. SANZO: What other sources of training would -- excuse me.
What other sources of training are there available to the fire department that include natural gas safety?
DENNIS HAAG: As part of our rookie academy training curricula, we do have electric and gas safety presentations, for a long time PG&E presented those classes to us, and so that's the basis for our training.
We still do scenario-based, pre-planned type activities to address any kind of incident that we may face from pipeline -- to prepare for transmission position.
MS. SANZO: You had described that PG&E had provided training. Could you please describe the training.
DENNIS HAAG: The initial training, the

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orientation training, is really meant to just give you an idea of the electrical side and the gas side, you know, kind of their -- they go through transmission lines, the go through the distribution system is, what to do with meters, so forth and so on. So it's really a -- a basic course of -- [inaudible]. In the case of a gas leak they'll deny entry, cordon off the area, look for any potential emission sources and so forth, and obviously contact PG&E.
MS. SANZO: What methods do organizations use to actively provide outreach to the Fire Service?
DENNIS HAAG: I'm sorry? I missed that first part.
MS. SANZO: What methods do you think would be effective to provide information to the Fire Service?
DENNIS HAAG: Well, there's obviously some sources, and some are here at the desk with me, we do use a Public Pipeline Awareness video DVD that we provide. We have sent two of our

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training officers to the [inaudible] -- which we've provided to all our line personnel in our training division.
So I mean, those are the type things we look for. As a matter of fact, [inaudible] I did pick up the National Association Fire Marshal's video and incorporated that in our training curriculum.
MS. SANZO: And is this prior to September 9th, or post?
DENNIS HAAG: That was post-September 9th.
MS. SANZO: And could you provide an overview of the San Bruno Fire Department?
DENNIS HAAG: The San Bruno Fire Department has 29 line personnel. We run 2 line engines with aerials and we cover 6.1 miles.
MS. SANZO: What knowledge should firefighters have about the location of natural gas lines?
DENNIS HAAG: Well, obviously I think the benefit of having a knowledge of location of

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the pipelines is it gives the Fire Service the ability to preplan, to do scenario-based training. Obviously, you know, the situation on September 9th wasn't something that we could ever imagine. But it -- it does give us some opportunity to go out to the scenarios, look at evacuations and so forth and so on.

MS. SANZO: Thank you.

Prior to September 9th how did the fire department communicate or coordinate with PG&E; for example, perhaps, drills?

DENNIS HAAG: I have no training documentation of drills directed with PG&E. As I mentioned earlier, it is -- you know, our line personnel routinely work with PG&E line personnel, you know, on these type of calls, and I'm sure there's an exchange of information at this point.

MS. SANZO: Thank you, Chief Haag.

MR. TRAINOR: Good morning, Chief. How are you.

DENNIS HAAG: How are you?

MR. TRAINOR: With respect to your

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jurisdiction, how many people in the San Bruno community do you serve?

DENNIS HAAG: About 41,000.

MR. TRAINOR: And what's the approximate square area?

DENNIS HAAG: I said that earlier, 6.1 square miles.

MR. TRAINOR: I didn't quite hear that. Thank you.

Is the San Bruno area a residential area?

DENNIS HAAG: Yes, it is. Yeah, there is, obviously, some commercial and light industry.

MR. TRAINOR: You mentioned that you were not aware of line 132, the transmission line, running through San Bruno, but you had been told by PG&E of two pipelines through the freeway corridor up the Peninsula.

How are those pipelines -- what information, specific information, about those pipelines were you provided?

DENNIS HAAG: That was pretty much the

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early introduction of -- kind of the orientation training, information that we had that they ran up the corridors all the way up the corridor, and there's 101 close to Millbrae, the 101/Millbrae Avenue juncture that I think in the 1980s we had an incident where PG&E was servicing a line, and we -- we went down as a fire unit, and there was -- they were doing some maintenance work and he just happened to mention that [inaudible] 101.

MR. TRAINOR: If I understand you correctly, the comment was made in the context of responding to an incident, as opposed to a specific focused effort to exchange information?

DENNIS HAAG: You are correct, yes.

MR. TRAINOR: Were these two pipelines described as transmission lines, or otherwise identified?

DENNIS HAAG: Just as transmission lines.

MR. TRAINOR: Okay. And did you know what a transmission line was at the time?

DENNIS HAAG: At the time I was a

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firefighter, so I went back and looked it up and found out.

MR. TRAINOR: We were talking about sources of information. Has your department ever consulted with the National Pipeline Mapping System?

DENNIS HAAG: As a matter of fact, no, we have not.

MR. TRAINOR: Would you care to expound on that, please, as to why you didn't? Or why you -- why it hasn't been done?

DENNIS HAAG: Well, I'll -- we don't have maps of the pipeline system, you know, at any agency on the Peninsula. And so what we have tried to do is -- is -- it was kind of a -- whether it was a transmission line or not, was there a need to know?

And until we kind of determined that there was the need to know, we didn't do that.

MR. TRAINOR: I'm not quite sure I understand that last response.

The need to know, is this something that

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you determined is important since the accident? Or was there --

DENNIS HAAG: Well, there's no question, yes.

MR. TRAINOR: What about before the accident?

DENNIS HAAG: Well, we assumed that this transmission line was a line providing -- we didn't recognize the pressure, besides what we read, that it was 60-pound psi or greater.

MR. TRAINOR: But did you recognize or consider there was a need to consult the National Pipeline Mapping System prior to the accident?

DENNIS HAAG: Well, we definitely could have done that, but we did not.

MR. TRAINOR: Okay. I'd like to ask you if you could describe in a little bit more detail the -- the training materials that you have received from PG&E.

Would you provide a brief summary of those?

DENNIS HAAG: In 2007, again, we had our

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training -- response to -- responding to utility emergencies that was presented by PG&E personnel in 2007. We rolled that out to our line staff right after that -- that -- having been approved for the class.

And later in 2007 we actually went to the San Mateo Substation for electrical orientation on substation emergencies.

And those are the two documented trainings I have received.

MR. TRAINOR: You mentioned that the -- about the electrical side of the house, the materials you got with regards to the electrical utilities.

Can you describe the pipeline training materials in a little bit more detail?

Were -- and what I'm specifically interested in is -- is how specifically these training materials are to the PG&E system, as opposed to more generic materials.

DENNIS HAAG: It is generic material. It was not specific to PG&E's system, per se. It

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dealt with, you know, the procedures in the event -- in typically, distribution-type emergencies. There was no direct pipeline training.

MR. TRAINOR: Prior to the accident, what type of communications or coordination had your department had with PG&E with respect to emergency response coordination and communication?

DENNIS HAAG: Primarily the communication was with line personnel. It was no direct training with any of our command staff, officers and so forth and so on.

MR. TRAINOR: Did you or any of your senior officers have any communication with your counterparts at PG&E?

DENNIS HAAG: No.

MR. TRAINOR: Since the accident, have you had any communications with PG&E?

DENNIS HAAG: Yes, we have. After the accident, PG&E contacted us and provided us with updated maps. We had discussions about enhancing the training curriculum between the Fire Service

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and PG&E.

Soon after that, I was contacted by another PG&E representative regarding a GIS program that would be compatible with the Fire Service CAD dispatch center, and possibility of rolling out of some enhanced training communication with PG&E.

MR. TRAINOR: And what progress has been made on those initiatives?

DENNIS HAAG: Right now, the last e-mail I received was a desire to meet with myself and several other interested agencies.

MR. TRAINOR: One last question. Were there any markings on the street? I guess it would be Glendale Drive?

DENNIS HAAG: Glenview.

MR. TRAINOR: Glenview Drive from line 132?

DENNIS HAAG: The market we found on Glenview were small sticker-type plastic stickers on the sidewalks. Some were there, some were missing, and some were hard to identify.

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MR. TRAINOR: Had you ever seen these types of markings before?
DENNIS HAAG: No, I hadn't.
MR. TRAINOR: That's all I have.
I guess we'll proceed with Mr. Narva?
MS. SANZO: Mr. Narva, could you please describe your organization's involvement with pipeline safety.
JAMES NARVA: We've been involved with pipeline safety for about seven years, going on eight. We have a program that's entitled "Pipeline Emergencies" and it's a joint project between the United States Department of Transportation and the National Association of State Fire Marshals.
It is a curriculum that is specific to transmission pipelines, for the most part, both gas and liquid. And the curriculum involves a -- or includes a textbook, training scenarios, a DVD, and instructor's guide. And so, a complete package for emergency responders.
Over the years we've conducted training

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sessions where we'll go out to each state. And we've gone to each of the 50 states and trained a number of Fire Service trainers with the expectation, then, that they go back to their department, and train their members. So that's been the approach that we've taken in the past.
We are now in the process of making all of that electronic so that it can be delivered over the web, and we can really measure that training.
We've been very involved with having the program there for first responders.
MS. SANZO: About how many sets of materials have you distributed?
JAMES NARVA: We've distributed approximately 45,000 copies of the curriculum.
MS. SANZO: And about how many sets of materials have been training materials?
JAMES NARVA: Well, it's the same material.
MS. SANZO: Okay.
JAMES NARVA: It goes out to fire

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departments.
So if a fire department requests it, we will send them a package. If the industry requests it, we can send a package.
When we go out and do the training, trainer sessions, we give them all a package. So it's the same material.
MS. SANZO: What specific information and training do emergency responders need to typically respond to pipeline incidents?
JAMES NARVA: In a general sense, they need to be aware, first of all, that a pipeline is underground. That's something that we all take for granted but it's an awareness, a recognition of that.
You need to understand how a pipeline operates; understand the different characteristics between gas and a liquid pipeline, as an example; understand and literally go through some scenarios that take them through different experiences that might occur. So those are the key components.
And then another part, while it's not

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necessarily training, is the contact with the operators to know who to contact, have those relationships in place before an incident happens.
MS. SANZO: Do you believe that the information and training, as of today, are meeting the needs of the Fire Service?
JAMES NARVA: Yes, I would say that the information that's available would meet the needs of the Fire Service. That's not saying that they're always getting into the hands of Fire Service.
MS. SANZO: And what degree of communication and coordination exists between pipeline operators and the emergency response community?
Do you --
JAMES NARVA: Go ahead. I'm not sure I got the first part of the question.
MS. SANZO: Do you believe there -- what do you think the communication level is between pipeline operators and Fire Service in general? Do you think it's at an acceptable level today?

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Or would you like to see it increased?
JAMES NARVA: Certainly I would like to see an increased level. I don't think you can have too much communication between those two parties.
As I said, it ought to occur before an incident, but that face-to-face dialogue and information awareness is vital ahead of time, so it ought to be increased.
MS. SANZO: And what methods do you think would be effective to deliver this information to the Fire Service?
JAMES NARVA: Oh, there isn't one -- one particular method that works. It's -- it's multiple sources and mediums, I think.
Face-to-face is always good. But that's not always possible. We need to be cognizant of that.
I think electronic format certainly helps where the technology, where the time or technology allows that. Where there can be communications, you can find out. The e-mail is

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opened, what part did they read? They may be able to find two messages to approach that, so we need to move beyond just mailing things out.
And I think probably the biggest thing from a response perspective is that we need to know that there's more than just checking a box off, that there was an effort to communicate, that there truly is communication. And that's a two-way street.
There's also a responsibility with the Fire Service for responders to seek out that information and to be aware, so ... it's important.
MS. SANZO: Thank you.
MR. TRAINOR: Mr. Narva, just a couple of clarifications.
Your organization, could you describe the membership, what interests or organizations they represent.
JAMES NARVA: The National Association of State Fire Marshals is primarily an organization that consists of the 50 state fire

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marshals.
MR. TRAINOR: Do you have any pipeline operators that participate as ad hoc members or observers to -- to your organization?
JAMES NARVA: I -- we have over the past. I couldn't tell you right now whether there is or is not one. They participate in our annual conference. Something that we try and do each year is have a session that deals with pipelines, pipeline emergencies. So there is some communication there, and participation.
MR. TRAINOR: You mentioned the need for better face-to-face communication between the two groups.
What is your organization doing to facilitate that?
JAMES NARVA: Currently we aren't doing anything between our organization and individual fire departments or the Fire Service in general. It goes to our members.
MR. TRAINOR: Okay. And just to tie this up, do you see any measures that you could

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take at this point?
JAMES NARVA: Certainly could. And we are developing this electronic portal that I talked about. I think the face-to-face is something that needs to come, not necessarily always from an operator's perspective, but there needs to be -- have a neutral, credible source that goes with it and can partner with those organizations.
Within the Fire Service, probably law enforcement, other emergency responders, there's a -- there's a natural trust for organizations that they understand and know. And that's not to say a distrust for those that they don't. It's just a hesitancy, maybe. So we need to facilitate that.
MR. TRAINOR: Okay. Is there any active program encouraging the fire departments throughout the country to reach out to pipeline operators?
JAMES NARVA: Not that I'm aware of, through our association.

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MR. TRAINOR: Thank you.
I'd like to go to Mr. Rezendez from PG&E, please.
Good morning.
AARON REZENDEZ: Good morning.
MR. TRAINOR: Mr. Rezendez, we've heard the perspective of the firefighters as far as public awareness about pipeline systems.
Now we'd like to get your perspective on this.
Would you summarize the outreach efforts that PG&E made to the City of San Bruno prior to the September 9th accident.
AARON REZENDEZ: Surely. We do a couple of things, and a few of those were mentioned here.
One of the -- one of the baseline programs that we participate in is through the Pipeline Association for Public Awareness. And that is a materials-based program which provides emergency response professionals, whether they be fire or police.
And it provides them information. As

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was discussed, it contains various baseline emergency response information; it also contains a DVD that has various scenario-based exercises that individuals can go through at a laptop.
We also conduct various liaison meetings, and those would be referred to as well. These are annual meetings. The local maintenance and construction superintendent, along with our governmental relations organization put together a -- a discussion, if you may, as he described, which provides both gas and electric-related safety. It gives them an overview of our emergency plan, tours of the facilities, the kinds of systems and software, for example, that we use to manage emergencies.
MR. TRAINOR: Okay. That's a good summary. Thank you.
With respect to the materials you give out, does it include any specific information to PG&E pipeline systems? And if so, what information is included?
AARON REZENDEZ: We do not mail, like,

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maps or other types of information relevant to our pipeline.
What we do do is provide information around the national pipeline system, or mapping system, which allows them to have access to that kind of information, as well as a contact directory.
MR. TRAINOR: And the national mapping system would do what for the firefighter?
AARON REZENDEZ: Well, it would allow them, there's a secure portion of that website that allows them to access GIS-based datasets that can be, either used online, or downloaded to their own systems.
MR. TRAINOR: And, if one did that, we they get maps showing the location of line 132 and your other transmission pipelines?
AARON REZENDEZ: All the systems and operators that navigate at that system, that's my understanding.
MR. TRAINOR: Does PG&E have data in the national mapping system?

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AARON REZENDEZ: Yes, we do.
MR. TRAINOR: So, again, if one accessed that mapping system and queried for the San Bruno area, would they come up with a map showing the location of line 132?
AARON REZENDEZ: Yes.
MR. TRAINOR: With respect to liaison meetings, about how often are these held?
AARON REZENDEZ: These are annual events usually held in the spring.
MR. TRAINOR: And what is the degree of participation of emergency response agencies within an operating area?
AARON REZENDEZ: This is focused on the Peninsula, that is to say, the general area around San Bruno, and they'll have anywhere from, you know, 13, 14 attendees up to 20.
MR. TRAINOR: And that represents 13 or 14 people from how many separate jurisdictions?
AARON REZENDEZ: I don't know the exact breakdown, but it does include multiple jurisdictions.

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MR. TRAINOR: I want to discuss a little bit about the public awareness program, the program to educate the public about the pipeline facilities that may be running through their community.

We understand that you do have a mailing program. And, again, the frequency of the mailing program depends upon the particular location of residence and businesses.

And I know that there are mailings made to municipal officials, including the fire department. Each of these have different frequencies and so forth.

The information -- informing the citizens of a public community, such as those affected by the September 9th accident, what specific actions do you take to inform these people of the hazards or risks from pipelines?

AARON REZENDEZ: Yes, sir. You mentioned the communication pieces that we sent out as a part of our bill to the community. And that contains information, safety-related

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information, not only hazard recognition, but response. And we also provide contacts around pipeline markers, and where they can find additional information, including contacting the utility directly.

We also participate in various community-based events for which we provide safety information as well.

MR. TRAINOR: All right. Let's talk about the mailing program for a minute. You mentioned the materials that comes with the bills. I think those are commonly referred to as "bill stuffers."

AARON REZENDEZ: That is correct.

MR. TRAINOR: What has PG&E done to assess the effectiveness of these bill stuffers?

AARON REZENDEZ: We participate in the PAPA survey. It's API and INGAA-sponsored survey, and that's the survey that we use for assessing the effectiveness of our programs as it relates to the public.

MR. TRAINOR: Does this survey involve

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going around knocking on doors and asking people if they know there's a pipeline close to their community?

AARON REZENDEZ: No.

MR. TRAINOR: Well, who do you survey?

AARON REZENDEZ: It's a process by which the survey company employs its -- I believe it's a mailer-based survey and response that is used for that particular survey.

MR. TRAINOR: And what's the response level to these mail surveys?

AARON REZENDEZ: I'm sorry?

MR. TRAINOR: What's the response rate to the mail surveys?

AARON REZENDEZ: I think the response rate, it's kind of mathematical, it kind of gets into the statistics of it all, but I believe the response rate is somewhere in the ballpark of 150 as a sample representing a scalable reference to the entire pipeline --

MR. TRAINOR: No, no. If you send out a hundred surveys, what do you typically get back in

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the way of responses? How many people respond?

AARON REZENDEZ: I -- based on the way the survey is designed -- I apologize, I'm not a survey expert -- but the way the survey itself is designed is such that it would receive 150 or so responses, which would give you a 95 percent confidence.

MR. TRAINOR: All right. Now, I understand, too, that with respect to the public awareness program, you employ a couple of contractors to conduct these mailings and surveys for you; is that correct?

AARON REZENDEZ: That's correct.

MR. TRAINOR: What procedures or policies do you have within PG&E to make sure that these contractors are, in fact, doing what they should be doing? And -- all right. If you'd answer that question first, and then I have a second part to it.

AARON REZENDEZ: There's no specific policy or procedure on how we manage those relationships. But I -- I would like to add that

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we are fully engaged in those processes from cradle to grave.
MR. TRAINOR: Well, that's where I'm going with this. How do you know that what they're doing, one, is being conducted?
And, secondly, how do you know that what they are doing is having the desired effect?
AARON REZENDEZ: Sure. We're involved in every level of the development of the content, the language to be used.
If it be, for example, with emergency responders, we use various surveys that give us feedback. For example, maybe they want more information about pipelines in the general area, where they would go to get that information, and how to reach the utility.
We would enhance those programs based on the cycles in which we mail them out, in this case it would be annually, to provide kind of that continuous improvement along the program.
We do use, obviously, vendors with specialized expertise in these areas of producing

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these mailers and distributing them, but we are certainly involved in the content of all of them.
MR. TRAINOR: Can you give me an example of where this process has led to a change, or a revision to the public awareness efforts?
AARON REZENDEZ: Yes. Some of the feedback that was received by POPA, for example, as well as industry input, we ultimately changed the emergency responder program to enhance it by adding information around what 911 dispatchers need to know and we actually developed a module which is now included within that disk and available online, exclusively for that particular population.
MR. TRAINOR: What lessons have you learned since September 9th?
AARON REZENDEZ: Do you have a specific?
MR. TRAINOR: With respect to your public awareness program.
AARON REZENDEZ: I think what we learned, first and foremost, is that within the emergency response community, there clearly needs

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to be a greater level of engagement between the preparedness and the prevention aspects within the company; that is to say, you have a prevention program that is sending material; you have a preparedness program that actually sits down, meets with, and provides -- kind of exercises what we described a little bit earlier.
And we're actively working on that right now.
MR. TRAINOR: We're very interested in your continued efforts on that front.
And the reason our concern is high on this, is there have been a number of comments made to us since the investigation started that the community -- and we heard from Chief Haag -- largely is unaware of the presence of line 132.
How -- going back to the Emergency Responder Program, again, how do you assess the effectiveness of that program?
AARON REZENDEZ: We participate -- the PAPA survey that's sponsored by API surveys all four of the major stakeholder audiences. We did

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it based on a survey in 2007, and we will be participating in that survey once again. It's slated to be executed this spring.
But we also, if I may add, as part of our responding to the utility emergencies classes we actively solicit feedback during the course of the class, and we've had 700 attendees to those 22 classes. They provided us really solid feedback, one that the class is meeting the need, but, too, I think that there is greater emphasis and a need to deliver through various medium information specific to pipelines.
MR. TRAINOR: What specific outreach have you made to the City of San Bruno with respect to communicating with their Merck management officials about the pipeline facilities within their community?
AARON REZENDEZ: Well, I know that each and every contact, as the Chief had talked about, some of the liaison meetings, in areas, an overview given of the actual transmission system whereby additional information could be provided,

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and, as he discussed as well, there have been efforts post San Bruno to further engage that community.

MR. TRAINOR: But the Chief just said a few moments ago that prior to September 9th he really wasn't aware of line 132.

So how do you explain that?

AARON REZENDEZ: I can't.

MR. TRAINOR: Okay. Has there been any consideration within PG&E on the need to provide specific information to emergency responders about the location of the transmission pipelines?

AARON REZENDEZ: Yes. And we've provided emergency response personnel across our service territory with maps of the local areas to give them that information.

MR. TRAINOR: Okay. And that -- has that been since the accident? Or was that prior?

AARON REZENDEZ: It has.

MR. TRAINOR: Okay. Thank you.

Dana, I'll let you take over.

MS. SANZO: Mr. Lidiak, can you provide

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an overview of the mission and membership of API, please.

PETER LIDIAK: Yes. API is a national trade association with approximately 450 corporate members, representing all aspects of the oil and gas industry.

MS. SANZO: And could you please provide an overview of the pipeline public awareness requirements that are specified in API departmental practice 1162?

PETER LIDIAK: Yeah. The requirements are, you know, relatively new. I'll point out they were put into place in 2005 under PHMSA regulation.

The actual RP was released in 2003, and it has been industry practice since then.

It gives operators a framework for developing, implementing, and evaluating their public awareness programs.

MS. SANZO: And who are the stakeholders involved in the development and implementation of RP1162?

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PETER LIDIAK: The work group that developed the initial document was primarily made of industry personnel, state regulators, and the Office of Pipeline Safety. The state -- the state and federal participants were observers in the process.

The federal and state agencies often will take that role rather than being direct members of the work group. We also engaged in a number of workshops, comment periods, et cetera, to gather input during the development of the document.

MS. SANZO: Were there any other service organizations involved in the development of RP1162?

PETER LIDIAK: I don't know the answer to that.

MS. SANZO: What guidance does the standard provide for operators for assessing their awareness programs?

PETER LIDIAK: Well, in general it does require an assessment element. And it is -- it is

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not a very specific and, shall we say, you know, standards-driven process.

It requires that they evaluate their effectiveness on, you know, a statistical basis, and demonstrate the effectiveness.

MS. SANZO: Mr. Boss, could you provide an overview of the membership and mission of INGAA, please.

TERRY BOSS: Yes. INGAA is an association of interstate natural gas transmission companies, approximately 28 members, that reflect around 186,000 miles of natural gas transmission pipelines.

MS. SANZO: Are the public and emergency responders aware of the methods used by PG&E common to other guest pipeline operators?

TERRY BOSS: There is a commonality because of the pipeline safety regulations. PG&E has participated in the past in the implementation of those practices, specifically on API 1162.

And ever since that has been adopted through PHMSA, we've previously had an education

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program rather than an awareness program, so the change has been trying to measure the awareness rather than the amount of education out there. And it is a continuing program that's -- as Peter mentioned, I think the new API 1162 was just published in December of this year.

MS. SANZO: What challenges do gas pipeline operators encounter with the recommended practice and regulations for public awareness?

TERRY BOSS: I think one of their big challenges is that it is a two-way street, and there can be a lot of education that's put out there. But being sure that you're educating the correct people and the messages that you're giving to those groups do fit into their communication patterns, the jargon that those particular groups work with.

For example, there's different messages that you may give to a public official versus an emergency official, versus a homeowner. And crafting those messages, and being able to catch their attention so that they do pay attention to

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this information and understand.

Unfortunately, pipelines are buried underground and a lot of folks don't have a visual indication of what's there, so it's hard to gauge their attention on those things.

MS. SANZO: Mr. Lidiak, I would also like to ask you the same question. What challenges is your membership encountering with the recommended practice for public awareness?

PETER LIDIAK: Much the same answer that Mr. Boss just gave, and that is that, you know, you would have messages that are going out to literally hundreds of thousands of people. And getting their attention, getting them to listen to that, and ensuring that they're getting the message is the challenge here.

MS. SANZO: Thank you.

Mr. Weimer.

MR. TRAINOR: She thought she was going to get away without letting me throw a few questions your way.

Mr. Lidiak, you mentioned that the

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self-assessment efforts at this point are statistically driven as opposed to -- well, statistically driven, I guess, versus standards or prescribed techniques.

Looking at PG&E's integrity management program, which does address public awareness issues, their measurement seems to be on the number of mailings made, the number of contacts made.

What are the pipeline operators doing beyond measuring those types of parameters as opposed to looking at parameters that give you a -- let's say, a more complete sense of effectiveness?

CHAIRMAN HERSMAN: Mr. Trainor, if you wouldn't mind holding on a minute. That's actually a door. Sometimes, that's opened and it's a security alarm. So ... it's not an emergency, but it will take a few minutes -- a few seconds or a minute to shut it down.

If we do have a fire alarm, I will let you know, there are three exhibits, one behind

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you, where you came in and two on the sides, so if everyone will just hold tight, and we'll shut it down. Thank you.

(FIRE ALARM SOUNDS)

CHAIRMAN HERSMAN: Sorry about the interruption. And, Mr. Trainor, please continue on with your questioning.

MR. TRAINOR: Yes, we were with Mr. Lidiak, and I had asked you -- this was in response to your comment about the self-assessment efforts being statistically driven.

And my question was, what statistics are being sought to ensure that the effectiveness of the self-assessment programs are, in fact, effective?

And, for example, I cited as an example that PG&E includes the number of bill stillers that they mail out, and the frequency and that type of thing.

And what I'm concerned about are the -- whether the statistics being tracked are, in fact, going to provide a true measure of effectiveness.

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And that's what I'd like to ask you to respond to.

PETER LIDIAK: And I think it's good to make the distinction by what's required by the program.

The programs do require that they mail out a certain number of pieces of information, or provide that information in other means, through meetings.

The effectiveness requirements require that they evaluate the effectiveness of those materials. I'll give you an example of what our industry program -- and there are many other programs that are meant to offer to operators, but I can tell you what ours looks at.

The kinds of questions that we're looking at is pipeline awareness in the community, the level of being informed about pipelines in the community, recall receipt of the information about pipelines, questions about whether the -- what are the most effective methods for the recipients.

And so those types of questions are

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being polled. And the process, as was alluded to before, is, we set a confidence limit for what we'd like to see for responses that will give us surety about the answers. And we simply continue to poll until we reach the right sampling limit to get that level of confidence.

MR. TRAINOR: Okay. Thank you. I would address this question to both Mr. Boss and Mr. Lidiak -- or to Mr. Boss.

In representing an association of gas transmission operators and gas pipeline operators, one thing I've noticed from the PG&E public awareness program is that there doesn't seem to be a distinction between the hazards and risks of a distribution system versus the hazards and risks from a transmission pipeline.

Do you think that that distinction needs to be made? And how would you go about doing that?

TERRY BOSS: I think that's a very important point, Bob. The companies that are members are usually integrated companies that just

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operate natural gas transmission pipelines.

When you're in a situation and you have a corporate environment where you're providing natural gas transmission, distribution and possibly electrical service, there may be some paradigms in thoughts of what they think a pipeline is.

And even though you may consider that there may be more problems in the distribution systems so the messages need to get out on a distribution system, there's still a message on the transmission system. And you may have some folks arbitrarily thinking that you're talking about a distribution like going to a house, and they get a different paradigm in their mind.

So it's how do you distinguish that sort of thing? I think how we're trying to accomplish that is some of the material to distinguish that.

But, honestly, distribution and transmission is a jargon term that we use within the industry, and it is not well-known outside of this industry. So it's removing those jargon

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terms and trying to communicate that there is something different between the lines.

MR. TRAINOR: Okay. I'd like also to direct this question to Mr. Boss. And we mentioned challenges facing the pipeline operators in this -- with respect to public education or public awareness programs. You mentioned it's a two-way street, we need to educate the correct people and in a manner that fits their particular communication pattern.

What's being done through your organization and other industry organizations to address that need, that challenge?

TERRY BOSS: I think what we're trying to do is have a cooperative environment. We have progressed from, say, the late '90s, where we worked together with PHMSA on the National Pipeline Mapping System, making that available.

We went to the Common Ground Alliance because the key group to talk to is the excavators out there, a realization that public officials besides the emergency officials, maybe were not

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getting the information. API 1162 addressed some of those kinds of techniques.

And then a realization that, let's get some of the jargon, or how are we describing it, or how we talk to people in this busy environment, where people tend not to, maybe, read mail, and understanding, you know, are we really getting the message?

So PIPA was the latest effort that we were involved with Pipeline and Informed Planning Alliance, that was just published in December, to talk to other people in the stakeholder game. So it's a constant improvement. And as Peter mentioned, we do have the new API 1162, so as we find things we're constantly trying to improve that in terms of adjusting the regulations moving forward.

MR. TRAINOR: Thank you. I'll give it back to Ms. Sanzo.

MS. SANZO: Mr. Weimer, could you please describe the organization and the mission of Pipeline Safety Trust?

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CARL WEIMER: Yes. The Pipeline Safety Trust is the only national, non-profit public interest group that really focuses on pipeline safety. It came about after the 1990 Bellingham pipeline tragedy where a quarter of a million gallons of gasoline was dumped into a creek through the middle of Bellingham, Washington where it ignited two miles downstream and killed three kids playing in a park.

After that event, through the U.S. Justice Department's investigation of that, they were kind of so aghast with the way the company that maintained their pipeline and the way federal regulators had regulated it, that they went to bat for the parents who lost those children to set aside $4 million of the criminals' settlement to set up the Pipeline Safety Trust to be a watchdog for both the industry and the regulators.

MS. SANZO: What are the important messages that the general public should know about natural gas and safety?

CARL WEIMER: Well, I think the word

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messages that they have to know that there is a pipeline in their neighborhood for them to have any real concern about that. And that seems to be a message that often is missing, in these mass communication efforts.

We kind of beat around the bush about that and don't come out and tell people that there is a pipeline in their neighborhood and what the potential impacts of that pipeline would be in the small chance that it failed.

MS. SANZO: What do you think are effective methods at reaching out to the general public to provide this information?

CARL WEIMER: Well, certainly the more specific targeted personalized the messages, the more likely that people are to listen to it.

And you also have to have something that catches their attention. I think sometimes these mass efforts that the industry has tried to put forward, and certainly this has been a huge effort on industry's part to get this message out in the last few years, but a lot of it has been kind of

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mass mailings. And there's, to some degree, a conflict of interest in the message coming from the industry because the industry very much wants to portray themselves as having safe pipelines.

And certainly that's true, but if the message on all of your mailers is that everything is safe and reliable and you have to wade through that for a couple of pages before you get to the safety messages, it's hard for people to get to the safety messages and read those. And that's what we see in a lot of these kind of generic efforts across the country.

MS. SANZO: What should be the goals of public awareness programs and outreach to the general public?

CARL WEIMER: Well, I think there's multiple goals and API 1162 has most of those messages identified pretty well. People need to know where pipelines are, people need to locate them, and know what to do if something goes wrong with the pipeline, who to contact. They certainly need to know about damage prevention because

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that's one of the major causes of these problems, and if you're communicating with the public, that's something they need to know about.

But you really need to provide those messages in a way that we don't hear after every one of these tragedies, that the communities had no idea there were pipelines running through their neighborhoods.

MS. SANZO: What can be done to increase public awareness about pipelines?

CARL WEIMER: Well, I think there's a number of things. One is I think we just need to really target the message better. I talked a little bit about the conflicting messages. I even was looking at PG&E's mailer that went out, and while you want people to get to the public safety messages of damage prevention and what to do, and what -- if you smell gas, what to do, you have to wade through a couple of pages. And when I was in school in education, there was always a rule, it was the 7-word rule. Most people only read the first seven words of something. That's why

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newspapers hire headline writers.

Well, if you look through the PG&E brochure, the first thing you run into is safe, efficient, reliable, the popular choice, the safest choice, and safety commitment. So you go through all kinds of things telling them everything is good, before you ever get to the safety messages.

We need to really try to come up with a different lead-in so people will pay attention to what is inside of those brochures. We need to get the messages out more often, everybody realizing that there are different text communications and media multiple communications. And people that are only getting a mailer once every two years, the chance of them picking up and taking those messages to heart is much sooner than if they were hearing messages from different sources and different directions. And I think the lead-in message has to be something that will get people's attention.

We have testified in Congress a couple

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of times, and most of these messages -- one of the generic messages we see around the country is a quote from the NTSB stating that pipelines are the safest way to transport fuel. That's totally true. We don't disagree with that at all.

But if that's your lead-in message on the public awareness piece to try to get safety messages out to people, why would anybody read the rest of the brochure? You just told them everything is safe. If the message on the cover was more to the tune of, there's a significant incident in the country every other day and half where someone ends up dead or seriously injured every four or five days from a pipeline incident, maybe they'd open up the brochure up and take those safety messages to heart.

MS. SANZO: Thank you, Mr. Weimer.

MR. TRAINOR: Mr. Weimer, just a couple of questions.

Your message about better targeting of the message to the citizens, could you describe, perhaps, the research and information that you

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collected, your agency has collected, to support that particular idea?

CARL WEIMER: Well, we haven't done a lot of research. We did this through a project this past year as part of the Pipeline and Informed Planning Alliance, where we're trying to looks at ways to get local public officials to adopt, use their permitting and zoning regulations to protect people that are, you know, newly develop near pipelines. So we did a project, trying to figure out how do you get a local, elected official or mayor or city council or planning officials to start looking at those types of messages?

And what we found out is you really need to drill down and look at the message and find out what the incentives are for them to pay attention, what the barriers are for them to pay attention.

And as we did that we learned that, who the messenger is, is very important. That's one of the things we don't see in these mass marketing efforts by the industry, really drilling in to

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find out who the messenger ought to be, what the message ought to be, what the barriers and incentives are for people to pay attention.

MR. TRAINOR: Thank you. Is there a written report that your agency has produced summarizing this information?

CARL WEIMER: Yes, there is. We have it on our website. I can't remember the address but I'd be glad to give that --

MR. TRAINOR: We would like to obtain a copy of that, if you could, please.

CARL WEIMER: Glad to do that.

MR. TRAINOR: I think now we're ready to move to Ms. Robertson from PHMSA.

Good morning.

ANNMARIE ROBERTSON: Good morning.

MR. TRAINOR: You've heard the testimony from your fellow panelists, and we wanted to address PHMSA last, because your agency is involved in all of these matters, and -- I am trying to find my place here, bear with me.

ANNMARIE ROBERTSON: Okay.

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MR. TRAINOR: We know that PHMSA was deeply involved in the development of 1162, and worked with the participants of that effort to develop the recommended standard that's now in place.

One of the problems that keeps -- that seems to be arising in different pipeline accidents we've seen recently is, people didn't know they had a pipeline within their community.

And there's been some discussion of the National Pipeline Mapping System.

How do you ensure that people are aware of this resource in are using -- how -- has PHMSA made any effort to determine whether these public awareness programs, people in these communities, generally know it's there?

ANNMARIE ROBERTSON: Well, our inspection program includes a review, not only of the written program, the program requirements, the implementation of the program, but also a review of the operator's evaluation of effectiveness of that. That is on a four-year cycle which means we

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are just at the beginning of -- beginning stages of our review of the operator's effectiveness evaluations.

We expect to learn a lot as we go through the inspection process to determine what's working and what's not working --

MR. TRAINOR: Have you developed a list of criteria that you would use when you go in and look at an operator's program?

ANNMARIE ROBERTSON: Yes. We -- state and federal ad hoc team have been working on this issue for several months.

MR. TRAINOR: And --

ANNMARIE ROBERTSON: We have -- go ahead.

MR. TRAINOR: I was just going to say, are these criteria in a written format with written --

ANNMARIE ROBERTSON: Yes. We have a discussion form, inspection guidance. We are developing frequently asked questions and we're developing inspector training.

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All of that is underway right now. The ad hoc team is meeting this week to go over lessons learned.

MR. TRAINOR: We would be interested in receiving that guidance and those check-off lists, please.

ANNMARIE ROBERTSON: Certainly.

MR. TRAINOR: One of the things that, again, we've been focusing on in this hearing is operator self-assessment, but we're also interested in regulator self-assessment. I think our concern is you have, PHMSA as a regulator, federal regulator, has two responsibilities. And the first one is, how you assess the effectiveness of the operators' local public awareness program.

Can you elaborate on that, please.

ANNMARIE ROBERTSON: Well, what we do is when we do our inspections we go out and look at their records, look at the results of the surveys that they've done, both to implement the program in accordance with what the written program says, do their records indicate that they have sent the

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mailings, how do they develop the mailing list, what were their data sources.

And then as we go through the evaluations of the effectiveness, we will also look at those bill surveys, and how they -- the methodology they used for each stakeholder group, and each measurement. Are there measurement requirements for if the audience actually received the message, did they understand the message, have they -- have they taken any action, is there any change of behavior based on that, and bottom line results.

So operators are required to review all of those, and we review their measurements.

MR. TRAINOR: Well, how would your auditors, for example -- if they looked at these -- the customer survey results, what would they look for in that, in those results, to assure them that the program has been effective?

ANNMARIE ROBERTSON: Well, we'll be looking for response rates, we'll be looking for feedback from the various stakeholder groups. And

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we're in a learning process ourselves as to what's working and what's not working, what kind of thresholds can we expect to see as far as response rates.

And once we have conducted more inspections we'll have a better understanding of what we can expect to see and whether our regulations are working and need to be revised.

MR. TRAINOR: Has PHMSA established threshold rates for, say, for example, responses to surveys? Have you got any criteria of that nature?

ANNMARIE ROBERTSON: No, we haven't. We have -- the operators are required to use statistically valid sampling, but as far as response rates, we have not yet determined what should be expected.

MR. TRAINOR: Would you describe the Community Assistance and Technical Services Program?

ANNMARIE ROBERTSON: Certainly. The Community Assistance and Technical Support

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program, as we've been calling it, the CATS program, is a program that involves inspectors, PHMSA inspectors in each region.

And their role is not only to -- they're qualified to do inspections, and certainly are capable of that, but they also reach out to the communities. They assist in permitting for repairs, if operators need repairs. They assist in working with communities. They answer questions from individuals. They represent PHMSA at various meetings, giving presentations.

So they do a lot of outreach, in addition to being fully trained as inspectors and understanding the regulations.

MR. TRAINOR: I'm not quite clear. So, is the CATS program a training program for your inspectors, or is it an outreach activity directed to operators in communities?

ANNMARIE ROBERTSON: More the latter. More the latter.

MR. TRAINOR: With respect to that outreach activity, about what percentage of the

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time is devoted to the operators versus the community?

ANNMARIE ROBERTSON: Within the CATS program?

MR. TRAINOR: Yes.

ANNMARIE ROBERTSON: I don't believe I can answer that. It varies from region to region, depending on the issues in that region and the activities that are going on as far as construction work, other efforts, that they may need to devote their attention to.

MR. TRAINOR: Has there been any outreach activity through the CATS program to the City of San Bruno or the Bay area as a whole?

ANNMARIE ROBERTSON: I am unaware of any. But I can find out ...

MR. TRAINOR: You just don't know or ...

ANNMARIE ROBERTSON: I don't know.

MR. TRAINOR: Okay. We would appreciate getting information about the CATS program activity that's been done nationwide, and would ask if you can provide that to us.

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ANNMARIE ROBERTSON: Certainly.
MR. TRAINOR: I don't have any more specific questions, but I would like to very quickly ask each panel member to take a moment and, based on the discussion we've had this morning, offer their comments as far as what they think can be done to elevate the level of public awareness of pipeline systems.
And we'll start with Chief Haag.
DENNIS HAAG: Well, I agree. I think it's imperative that the awareness elements, even in the Fire Services, are certainly heightened by the events of September 9, but I also think, you know, my experience on the reentry program in San Bruno, when the city elected to move our residents -- to move their losses and their damaged homes and, you know, my conversations with the residents, around the pipeline, and there's something that has to be done to make that right.
So I agree with all the panel members that the outreach has to continue and become enhanced and make those contacts real.

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MR. TRAINOR: Thank you. Mr. Narva?
JAMES NARVA: It's my feel that, from an emergency responder perspective, not the public in general, but I think you have to have a credible message, multiple means of delivering that message, and value for the time that you're going to do. There's something that has to catch that, an incentive, so to speak.
Again, multiple methods. And then to look at new technologies, looking at new ways to communicate and then have real evaluation.
MR. TRAINOR: Thank you.
Mr. Lidiak.
PETER LIDIAK: I think that public awareness programs is going to be a matter of continual improvement.
As I mentioned earlier, it's a relatively new program. 1162 has been updated recently to reflect the learnings that we've had in the first few years of operation.
And I just want to mention in passing, of course, that in that revision we also addressed

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a recommendation from the Board to recognize emergency response call centers as part of the -- part of the target audience for the public awareness programs. And so that, that directly addresses that recommendation.
I think the other side of this, too, though, is, as far as the awareness goes, the PIPA document was mentioned, and this process of population growth and encroachment on pipeline rights-of-way is a pretty big issue. And I believe that this San Bruno incident is somewhat impacted by the fact we have an existing pipeline that had a great deal of development occur around it. And so it was pre-existing.
The PIPA document hopefully will help communities to avoid that sort of situation, because it informs the planning -- the planning officials in communities.
MR. TRAINOR: Thank you. Mr. Boss?
TERRY BOSS: I pretty much echo Peter's response on that. It's a process of continuous improvement, both from the pipeline operators and

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regulators, and also the community on those things.
And, unfortunately, we do learn things as these events happen. We don't want these events to happen, but we've got to continuously improve on these sort of things.
MR. TRAINOR: Mr. Weimer?
CARL WEIMER: Yes. I think that one of the keys is to make this information more specific, targeted and personalized to people so they'll pay attention to it when they receive it.
I also think that we need to really focus on the evaluation, improvement of the programs over time. And, at least in our minds, that evaluation should be a key towards whether we're really changing behaviors, just not counting how many brochures are getting mailed out, but there are measurable behaviors here that we could key on, a number of calls going into the one call centers going up after these mass mailings.
After we're talking to public officials, are they adopting ordinances about pipelines

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near -- planning near pipelines, those types of things should be measured, and that should be what the evaluations are based on to some degree.

MR. TRAINOR: Thank you. Mr. Rezendez.

AARON REZENDEZ: I too could kind of chime in on a lot of things that have already been mentioned. I think the use of new technologies -- hello? -- recognizing, for example, that a volunteer firefighter located in a remote area might not be able to make it to a training center, being able to provide them online content could be a solution. E-mails, things like Twitter and Face Book, as we compete against all of the other messaging, for example, in our society.

Tone, as it's been clearly stated, is huge. I think that in a post San Bruno reality we have to kind of peel back on our prior thoughts and methodologies and ask ourselves, are we speaking to this audience in a way that they would expect us to speak?

MR. TRAINOR: Thank you. Ms. Robertson.

ANNMARIE ROBERTSON: I would say, in

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addition to analyzing our regulatory program and especially enforcements program, we recognize that there are roles for everyone as far as public awareness.

We have a number of outreach efforts that we've been doing at PHMSA. Our stakeholder communications website contains a lot of information about damage prevention, about the CATS program, about public awareness. We are trying to, not only get a better understanding of what works or what doesn't work, but also facilitate sharing that information.

We take the NTSB recommendations very seriously. We've responded to the Lively incident, the Carmichael incident, and we are continuing to work to address the recommendations in the Carmichael incident.

MR. TRAINOR: Thank you.

MR. CHHATRE: Madam Chairman, the Technical Panel has concluded its questions.

CHAIRMAN HERSMAN: Thank you very much, Technical Panel, and also to the witnesses. We're

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going to take a short break, and then we'll come back and the parties and the Board of Inquiry will ask questions.

We will adjourn and resume at 10:40.

(RECESS TAKEN FROM 10:24 TO 10:44 A.M.)

CHAIRMAN HERSMAN: Go ahead and take your seats. We're about to resume.

And we'll begin with the parties asking questions of the witnesses. IBEW.

MS. MAZZANTI: Thank you, Madam Chairman. I actually do have questions today. My question is for Chief Haag.

The first question is, there's a water line and a sewer line that run parallel to line 132. And there was work done to a sewer line which also included a pipe bursting in '08. So was this -- the city not aware that that gas line ran there when they would do that pipe bursting in the sewer enlarging?

DENNIS HAAG: The excavation -- from what my understanding was, and I probably should defer that question, I don't have any knowledge,

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but that -- those -- that excavation didn't impact anything as far as I know.

MS. MAZZANTI: But it did include work done around that transmission line --

DENNIS HAAG: I can't answer that. As far as my knowledge, as far as if they saw the pipe or not saw the pipe.

MS. MAZZANTI: So then my next question would be, what's the relationship in regard to communications between the public works department and the fire department?

DENNIS HAAG: Well, the two departments have great communication. I just don't have -- if there wasn't a reason for -- to contact the fire department, is my assumption.

MS. MAZZANTI: And my next question is, was the fire department invited to the trainings that were held in '09 and 2010?

DENNIS HAAG: Which trainings are you referring to?

MS. MAZZANTI: In Exhibit 40, there's an invitation list.

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DENNIS HAAG: The liaison meetings?
MS. MAZZANTI: Correct.
DENNIS HAAG: Yes, we did receive an invitation.
MS. MAZZANTI: And did you attend at that time?
DENNIS HAAG: I believe my fire marshal attended the 2010 session.
MS. MAZZANTI: And my last question is, the hydrants were dry at the time because there was no water supply after the explosion; correct?
DENNIS HAAG: Correct.
MS. MAZZANTI: How long was it before you were able to get water to the scene?
DENNIS HAAG: Without giving you an exact time, it probably took us 30 to 40 minutes to get out some water, and in the meantime we brought up water tenders to provide assistance for that.
MS. MAZZANTI: Thank you. No further questions.
CHAIRMAN HERSMAN: CPUC.

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MR. CLANON: Thank you. I'm Paul Clanon. I'll be representing the Public Utilities Commission. A couple of questions for Chief Haag.
Chief, you were there the night of the incident, you were out at the scene after the explosion, and took command of the incident; correct?
DENNIS HAAG: Correct.
MR. CLANON: And you were there during the course of the evening and you saw and, in fact, you ordered -- [inaudible].
DENNIS HAAG: Correct.
MR. CLANON: What was it like?
DENNIS HAAG: Well, in my 30 years I've never seen anything like that. Obviously, you know, San Mateo County has -- the State of California uses their [inaudible] system probably as frequent as anyone but in our county, we have drawn boundaries in our response, we have a central dispatch for fire, so ordering up resources I think we had over 68 firefighters on the scene within 22 minutes.

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So the response from both law, fire, public services, was probably the most amazing thing I've seen.
MR. CLANON: And I want to get to the discussion we had this morning about what you knew about the pipeline in advance. And, in general, you didn't know much about the pipeline in the fire department.
Does that also mean you didn't know where the valves were?
DENNIS HAAG: No, we did know.
MR. CLANON: Had you known that there was a gas pipeline there, or had your dispatchers known and your immediate responders, what would have been different? The way I understand this, some of the earlier reports were -- people believed that there had been a plane crash, for example, had you known or had any of the dispatchers known in advance that there was a gas transmission line through there, what might have gone down differently?
DENNIS HAAG: The initial reports on the

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incident was a plane down. And that -- those reports continued for the first 45 minutes. You know, with the airport being as close as it is to this site, you know, initial -- we thought that that was a possibility, obviously.
Our response to the incident would not have changed, whether it was an airliner down or the explosion itself, you know, or a tactical dispatch, our strategy would be the same, fighting what we saw, and then we're trying to adapt and control. That's the same issue occurring.
MR. CLANON: I've asked for an exhibit to come up, it's Exhibit 2BC, this is just a map of the subdivision that shows the fire damage.
And I want to talk about what might have gone down differently had the gas been able to be shut off earlier.
So we heard yesterday that there was -- that there was a period of about an hour or so, it took about an hour or so longer to cut off the gas that was coming in to, both directions, to the ruptured pipe in San Bruno on September 9th, than

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it might have had there been remote control valves, for example. So roughly for an hour or so. I'm not going to hold you to that number.

What I'm curious to know is what the impact of that hour was.

You were nearby -- I'm not sure where your command center was. I think it was just off this map; is that right?

DENNIS HAAG: Actually it was just off the San Bruno Avenue and Glenview, which --

MR. CLANON: Just below this map?

DENNIS HAAG: It's going to be at the lower end of the interstate --

MR. CLANON: And just to situate the folks here, so the purple shows fire destroyed properties, the yellow shows damage, and then the green undamaged, I think.

Do you happen to know what those black bars mean? I don't know.

DENNIS HAAG: On this map, I believe they're security gates.

MR. CLANON: Security gates. Okay. And

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the valves, they're --

MR. JOHNSON: Ms. Chairman, this is a little off topic, and we're talking about a lot of speculation.

MR. CLANON: Let me ask the Ms. Chairman, and please tell me if it's off the topic.

My basic question is, in terms of public awareness since the fire department didn't know about the valves and didn't know how to navigate closing the valves, what impact that had and whether advanced knowledge might have changed the situation on the ground that night.

And I'm perfectly happy to take that off the table if that's --

CHAIRMAN HERSMAN: Mr. Clanon, it's fine. We're on topic.

If you could just speak up a little bit, and ask a specific question to the Chief.

MR. CLANON: If the gas had been turned off a little earlier what, in fact, would have happened that night?

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DENNIS HAAG: Again, we've been instructed by Madam Chair not to speculate. And, my honest opinion, I would be speculating.

Obviously, we had the initial explosion without the fuel supply. There's a possibility we could have been, instead of in a defensive mode, in an offensive mode. But I couldn't tell you what impact that would have -- would have had --

MR. CLANON: So it could have been beneficial but I certainly don't want you to speculate. Thank you. And my time is up. Thank you.

CHAIRMAN HERSMAN: Okay. Just so the parties and the witnesses are clear, it's -- it's perfectly fine to ask questions that are factual in nature. The witnesses are experts in their certain areas, and that's where they're here, and so we do want to ask questions where your qualifications can actually shed light on them.

We just want to keep the questions in a factual nature, and so if you were asked, what damage might have been done in the 30 seconds or

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the first 15 minutes after the response, given your experience as a fire official, that might be something that's in your purview rather than speculation.

So, just if we can help the parties, if you have any questions, we can get through that again.

I note PHMSA, PG&E and San Bruno all have witnesses on this panel, so we'll go to PHMSA first.

MR. WIESE: Great. Thank you very much. I would just like to solicit your ideas on how can we collectively, whether it be emergent -- the emergency response community represented by Mr. Narva and others, or whether it's the industry or the regulators, get the attention of local officials, including first responders, prior to a failure.

We will see a lot of efforts that will be going out. But as a couple of people have said, the communication has to go two ways. It's not meant by any means as a criticism. I know you

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have your hands full on a daily basis and if you don't have a history of failures, how do we get your attention prior to a failure?

I welcome any ideas.

DENNIS HAAG: Well, if the awareness isn't any higher right now, I'd be very disappointed, on the fire side.

So I think the opportunity to jump on that awareness opportunity -- I'm sure the Fire Service would collaborate, hopefully, you know, in a much greater effort than they have been, but I'm in, put it that way.

MR. WIESE: My next question, and, hopefully, leading off to that, would be to Mr. Narva.

Have you gotten much feedback or recognition for the Pipeline Emergencies Program and, again, maybe just to connect to the Chief's thoughts, your ideas on how we can get the information that's already been developed more rapidly into the hands of emergency responders.

JAMES NARVA: Sure. The Pipeline

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Emergencies, I mentioned in the earlier session, is a program that's been around for about seven years. It's continually evolving. We are now just finishing up a second edition, and part of that second edition is to make it electronic. I alluded to that briefly.

It will be deployed in an electronic portal so it is available to any emergency responder at their convenience, their time, and also do it in a way that's -- that's measurable and trackable, so that we know how far they've gone in the curriculum. We can measure learning. We can measure the communication and the awareness. And then to couple that with a communication piece, so that -- whether it's the National Association of State Fire Marshals or a pipeline operator, has the ability to electronically communicate with emergency responders, and also to track that. So, technology will get us a long way, I think.

MR. WIESE: Thank you very much. I guess I still have a couple of minutes.

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I'll open it up to anyone's comments on this one, but it's, having myself been involved in public awareness for a number of years, one of the things we're constantly struggling with is the difference between the awareness and behavioral change.

You know, awareness is the first step, you know, and I just welcome any thoughts -- and, Carl, we've had this conversation ourselves about, how do you -- once you gain awareness, how do you get people to change behavior? 811 is a perfect example. People know you need to call before you dig. They will be aware of it and still not do it. So, just anyone that wants a swing at that one.

You know, not having the opportunity to sit across from Carl that often, maybe we can point to Carl to answer this.

CARL WEIMER: Well, I think the key to building upon awareness to actually get to the behavior change really results from really drilling down and looking at the incentives and

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barriers for people that make those types of behavior changes and addressing those. And that's something that I think we all need to work on harder.

Some of it even goes to the previous question about who's just doing the communication. You know, we have Chief Haag now, who could be a great communicator with other people in the fire industry, more so than receiving that communication from PG&E, he might -- they might be more receptive to hearing from him.

The mayor from San Bruno could communicate with other local public officials, and I think that would be one way to help open the door up to move things toward behavior change.

TERRY BOSS: I might want to add, Jeff, that Carl had a good description on how to emotionally communicate to people and if they're receiving messages or not, and, basically, what kind of mood they're in. First, when they see it, they tend to have a different mood. And all of a sudden you get into that section where they're

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actually hearing the message, and trying to identify how we can get to that, where they're actually hearing it, rather than having read, or ignoring the messages, is really key.

CHAIRMAN HERSMAN: Thank you. PG&E.

MR. JOHNSON: Yes, thank you. My question is directed to Mr. Rezendez.

Earlier this morning during the Technical Panel discussion you had started to discuss what is covered at the public liaison meeting, and the responding to gas and electric emergency seminars that PG&E puts on.

Would you care to share your thoughts?

AARON REZENDEZ: Yeah. The public liaison meeting is intended to increase partnership and coordination among the local group and the local emergency response community, whether that be the fire and police chiefs or the office of emergency services located in that local area.

The kinds of things that they cover are -- reviewing and looking upon those various

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incidents, which have occurred, to understand what might have been learned, as well as go over various aspects of gas and electric infrastructure, as it is high-tech, if you may, and at its basis, is very complicated. And there is certainly a level of understanding that we would want to convey around that infrastructure.

But I think most importantly is the communication that you meet a person, a communication, that occurs, as well as providing them contact information, for example, our designated 911 number for the emergency response community exclusively and allowing them, and letting them understand how that looks and feels when they make that phone call into our dispatch.

MR. JOHNSON: Do you care to cover what's your handle on your gas and electric emergency seminar information?

AARON REZENDEZ: In general, we've had 22 classes so far across our service territory. We've had in excess of 700 attendees: police, fire, 911 dispatchers, Homeland Security, safety

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professionals. We've had other operators come to these, as well as public works departments. Feedback has been extremely positive.

What we cover are, you know, the foundational issues, what does the infrastructure look, like both gas and electric, what kind of hazards might be encountered, staff and touch potential, why pinching off the line or stopping the flow of gas could be a potential issue.

We talk about transmission level issues. We actually hand a handout out, that includes the evacuation instances for various pipe sizes and pressures.

And then in follow-up we even provide them all of the resources that were used, build a class. Most of these are free and available for them to go and access online, or actually order the books and materials that are being provided.

MR. JOHNSON: Thank you. One further question. Earlier today we talked about new technologies and new opportunities to educate the public on the location of gas transmission

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pipelines.

Can you talk a little bit about what PG&E's done in that regard.

AARON REZENDEZ: Sure. I also mentioned that we had a lot of meetings with public officials. I'd like to call up a slide, Exhibit 4Y, and while that's coming up, just a couple of comments.

It was mentioned a little bit earlier that the National Pipeline Mapping System has been usually the go-to point in a variety of communications, whether it be the affected public, public officials, or emergency responders.

What we did was actually incorporated a map within our website that allows the user to type in any address, whether it be their home, their business, or a family member. What you're seeing right now is actually a localized map that's available through their "My Account" feature, that being the feature that you go in, to log into to pay your bill, manage your energy. But it also includes a map site. This one gives

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about a two-mile radius around the home, so it actually gets down to the street level so the individual in that -- in that spot, if you may, would be able to know specifically where these pipelines are located.

Beyond that, we've also designated an 888 number, if people are wanting additional information, for which they can get that information as well.

MR. JOHNSON: Thank you. I have no further questions.

CHAIRMAN HERSMAN: We'll finish with the City of San Bruno.

CONNIE JACKS: Thank you. With that exhibit still up, I have a quick follow-up question. Is that the scale -- Mr. Mendez ...

AARON REZENDEZ: Rezendez.

CONNIE JACKS: Is that the scale that that map is currently available to members of the public?

AARON REZENDEZ: Yes, it is, that, if you were the one to log in today to "My Account"

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you would see that map --

CONNIE JACKS: At the scale that it shows.

AARON REZENDEZ: That's correct.

CONNIE JACKS: Ms. Robertson, in your opinion, is the Federal Map System, the online tool that's available both to the public as well as to emergency responders, in your opinion does that provide an adequate level of information for preparedness to first responders?

ANNMARIE ROBERTSON: I believe the information that is there is adequate, especially when it's coupled with the other information that is available by going directly with the pipeline operators. We're continually working on our NPMS and advising and issuing upgrades to us. So yes, I believe it is adequate especially coupled with the other outreach efforts.

CONNIE JACKS: A question for Mr. Lidiak, Mr. Boss, Mr. Weimer, and Ms. Robertson.

Have any of you specifically evaluated

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the effectiveness of PG&E's public awareness program relative to Regulation API 1162?

ANNMARIE ROBERTSON: I can talk to that. The Inspection Enforcement Authority for PG&E is the California Public Utilities Commission. So the inspection will be done by that agency.

Originally, when the pipeline operators first completed their public awareness written programs, there was a clearinghouse, and the clearinghouse reviewed all of the requirements that are in 1162, on the programs.

The feedback from that clearinghouse review was sent to the California Public Utilities Commission, and the additional activity that occurred between that time and now would have been done by the California Public Utilities Commission.

PETER LIDIAK: I'll just mention because PG&E does participate in our papers program, they were part of the surveys done for that region, and that data would be available to the company --

CHAIRMAN HERSMAN: I'm sorry. I don't

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think that you mike is on.

PETER LIDIAK: Because PG&E does participate in papers program, they were part of the surveys done in that region, and that information would have been presented back to them as part of their -- part of their records for their [inaudible].

We would not -- we would not have looked at the individual data. We would look at aggregate data for the industry.

TERRY BOSS: I would add that one of the purposes of the trade association is to share information among their members --

CHAIRMAN HERSMAN: Please put the microphone just a little closer.

TERRY BOSS: One of the functions of the trade association is to share information among the members, be they regulatory efforts or workshops, so there would be an informal feedback connected as less concerns on individual companies [inaudible] belonged to, and in some cases will invite outside parties to those sessions.

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CARL WEIMER: Just quickly, we haven't done any specific evaluation of those public awareness. The programs are not available to groups like ourselves or the public, so it would be hard to evaluate them; although, the ultimate evaluation is what we heard after the San Bruno tragedy, that the people had no idea.

CONNIE JACKS: Thank you.

Mr. Narva, you mentioned earlier that your pre-event communication is desirable. If you could expound a little bit about how you believe pipeline operators can improve their public awareness programs, particularly as it relates to information available to local emergency responders about the location, operating characteristics and hazards posed by pipelines in their communities.

JAMES NARVA: The importance of having communication before the incident can't be understated. We in past years have focused on state-by-state approach of bringing together the emergency responders, pipeline operators, state

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and federal regulators, all of the stakeholders, so to speak, in trying to facilitate those communications and understanding what -- what one another does, what their role is, and what resources that they have. That's something that we need to replicate far more frequently and on a state-by-state approach, as well as at the local level.

You just can't replace that face-to-face communication in understanding what the other party has to offer.

CONNIE JACKS: If I might just take another couple of seconds for a question to Chief Haag, a two-part question.

First if you could clarify the situation that was raised earlier regarding the "dry hydrants," I believe was the word.

And then, secondly, I am sure that, even in your 30-year career with the Fire Service, that you might not have imagined being before the NTSB in a proceeding such as we are here today.

What are you looking for as far as a

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result?

DENNIS HAAG: I'm sorry, was there a question regarding the hydrants?

CONNIE JACKS: If you could clarify a statement that was made earlier about the dry hydrants.

DENNIS HAAG: About the water main being blown out in the explosion?

CONNIE JACKS: Correct.

DENNIS HAAG: And that was the reason for ... correct.

Responding to your second question, I do want to thank the NTSB and the Technical Staff for giving us the opportunity to be here and participate. My belief is there's players in this room that can -- has the ability to see that something like this doesn't occur again.

Whether it's through legislation, regulatory training, safety measures, technology, so that this doesn't -- no other community has to suffer the consequences that we did in San Bruno.

Thank you.

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CONNIE JACKS: Thank you.

CHAIRMAN HERSMAN: Member Sumwalt.

MEMBER SUMWALT: Thank you. I think this has been a very informative panel, and I want to thank all of the panel witnesses for being here. The only pipeline accident that I've been involved with before, in Carmichael, Mississippi about two and a half -- actually about three and a half years ago -- and I was on the scene there. And, of course, it came to the Board about a year later.

I noticed there, and I just went through the report this morning, that, in that particular case, in Carmichael, Mississippi, which is really an extremely rural community, we had difficulty even finding the place -- the -- one of the callers to 911 immediately knew that it was a gas explosion. So here's a very rural community where the residents knew that it was a pipeline explosion, they knew there was a pipeline going through the community. The sheriff immediately knew that there was a pipeline. He even knew that

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it was a liquid propane pipeline going through the area. As did the assistant chief of the county volunteer fire department.

So, Chief, this question will be directed to you. I notice that Mr. Narva said that pipeline information was available to meet the needs of fire departments on the pipeline disasters which, of course, he represents the National Association of State Fire Marshals.

I suspect that you -- do you interact with that organization? Or do you more interact with the National Association of Fire Chiefs? Or both?

DENNIS HAAG: Our immediate business is the California State Fire Marshal's office.

In California the CPUC has regulatory gas line transmission. Our -- State Farm office typically deals with liquid transmission lines.

But I think, as you indicated, I -- as I said earlier, I have been on the National Association State Fire Marshal's website, and actually have downloaded some of the scenarios and

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programs from them.

MEMBER SUMWALT: I want you speaking up. We're having people coughing, and people taking pictures, and I'm an old jet pilot and I can't hear, so grab that mike and speak louder for me.

DENNIS HAAG: Gotcha. I had mentioned earlier that I had been on the website with the National Association of State Fire Marshals and actually have downloaded material from that program, and actually put it on our training curriculum.

MEMBER SUMWALT: Thank you. Mr. Narva said that it's the responsibility of the fire departments to seek out information about pipelines in their areas.

And do you agree with that statement?

DENNIS HAAG: Yes, I do.

MEMBER SUMWALT: I'm curious, then, what is the particular reason why the San Bruno Fire Department was not aware that there was a transmission pipeline going through the middle of

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San Bruno?

DENNIS HAAG: We didn't have the information; we didn't have maps of a pipeline going through. Obviously, you know, we've heard today that there is a system that we can access and we -- I just didn't know about it, to be honest with you.

MEMBER SUMWALT: And I appreciate your candor, but the statement that you agreed with was one that said that the fire department should seek out that information. And so I just wanted to understand better why that information wasn't sought.

Are you personally a PG&E customer?

DENNIS HAAG: Yes, I am.

MEMBER SUMWALT: So what I'm understanding is that they do mail out public information material in their monthly bills?

DENNIS HAAG: I've seen it in the bills.

MEMBER SUMWALT: What exactly does that material say if they're mailing it to you, and you don't -- and you don't -- and you're not aware of

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it. What is it they're sending out? Are they saying there's a pipeline going through your area? Or what exactly is it saying?

DENNIS HAAG: I don't live in San Bruno. I live in another community.

MEMBER SUMWALT: Okay. Thanks.

Mr. Weimer? Whose responsibility is it to find out if a pipeline is in your community? If you're a citizen, should you be aware? If you're a first responder, should you be aware? If you're the gas provider, should you make people aware? All the above? What's the answer to that?

CARL WEIMER: Well, I think it's a shared responsibility. And you can't really expect people to go out and looking for something if they don't know it's there, so I think the industry has a real responsibility to try to get that information into people's hands. But it's certainly a shared responsibility on everybody's part.

I think as locations become known and the emergency response plans are shared with fire

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departments and local emergency planning committees, that type of information will flow out from both ways.

MEMBER SUMWALT: Thank you. It's a shared responsibility.

When I was on the airport commission years ago we talked about people that would complain about airport noise and we said, well, they should be aware what they're getting when they buy the property. I don't think that ever went anywhere with the real -- with the state legislature.

But I'm wondering, has there ever been any thought to disclosure on a -- on a real estate contract or something to make people -- make people aware? I don't know -- I do not know if there's a pipeline going through my neighborhood. I don't know that. That's my own lack of information there.

I do know there's a railroad track going there because I can see it.

(LAUGHTER)

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MEMBER SUMWALT: But has there ever been any thought to disclosing information on this on a real estate contract?

CARL WEIMER: There certainly has been thought to that, and the Pipelines Planning Alliance Report that came out a little over a month ago has a recommendation to move forward from state to state -- I think it has to be a state-by-state thing, to put that in a disclosure, so people have an awareness when they purchase new homes.

MEMBER SUMWALT: Thank you very much. And as you said before, awareness is the key to this.

Chairman Hersman, thank you.

CHAIRMAN HERSMAN: Member Weener.

MEMBER WEENER: I have a question for Mr. Rezendez.

Is PG&E an interstate or intrastate carrier?

AARON REZENDEZ: It's an intrastate.

MEMBER WEENER: Where do the

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requirements for public awareness come from for intrastate carriers?

AARON REZENDEZ: They're also inside the 1162 document [inaudible]

AARON REZENDEZ: 1162.

MEMBER WEENER: 1162 based on federal standards?

AARON REZENDEZ: It was the -- yes, it references back to -- 616 [inaudible].

MEMBER WEENER: So is the onus entirely on the carrier for public awareness, or are there other stakeholders?

AARON REZENDEZ: It actually allows for, and we do look for, opportunities to partner with other operators who may have mutual interest in reaching out to communities.

MEMBER WEENER: To follow up from Mr. Sumwalt's question, in a sense is -- are the emergency responders also responsible for public awareness in a -- in a sense? For their own public awareness?

AARON REZENDEZ: I think so. We've had

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firefighters in my class with their children. So I know to some extent they're reaching out to the local community. Does that answer your question?

MEMBER WEENER: Yes. Thank you.

CHAIRMAN HERSMAN: Member Rosekind.

MEMBER ROSEKIND: I just want to say to the Chief Haag, I know you're familiar with the hearing that someone called off for the San Bruno Police Department. And the two of you are representing all the first responders, and I want to make sure we have a chance to acknowledge and thank you for your response on September 9th, because after these tragedies we are always reminded that there are people who run toward them on our behalf so we thank you for that.

This is a test for the whole panel. I think there's been conceptual discussion about public and first-responder awareness and I want to make this very concrete.

So this is a test. No grade, but it's a test. All of you.

Point to the fire exits, please.

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(Indicating)
MEMBER ROSEKIND: That's good. Mr. Weimer, if the fire alarm actually goes off, what would you do?
CARL WEIMER: Head towards the closest exits over there.
MEMBER ROSEKIND: Walk or run?
CARL WEIMER: I'd probably walk because I don't want to trip over the four people in front of me.
MEMBER ROSEKIND: Thank you. The focus really of this whole discussion about awareness really is out, and I think the Technical Panel and the questions try to go to this. Really the objective is knowledge, action. All the surveys, response rates, et cetera, don't get at any of that.
So I'm sure all of you are familiar that before the meeting started, those exits were on the screens up here, and then the Chairman gave you specific directions so you could point to multiple ones.

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The challenge is, you have the knowledge, you all seem to pass that.
The next is do you know the action, walk don't run.
The third part, of course, is what happens when the alarm actually goes off. And that we can only test through a scenario, practice, or during actual disaster.
I bring this up because my question really is, on the public side, as well as first responder, is there any program or activity that has been demonstrated to actually address knowledge and appropriate action?
And you get extra credit if anyone has actually shown that that translates into people knowing what they're doing.
On the public side that means I smell gas, do I know where to call? I'm excavating, do I know what to do about that.
First responders, where is that information coming from, what do I do?
It's knowledge and it's appropriate

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action. Do we have any information, any data, anything, that shows there's something effective going on now in the public or the first-responder side that we're dealing with this effectively?
TERRY BOSS: I think on various parts of the program, there are measurements out there. The Common Ground Alliance has a reporting system called DIRT. And it tries to look at the accidents, analyze the accidents, and ask those kinds of questions: If the people knew what was going on.
There's an attempt on this program for public awareness, first to understand if there's awareness, but during accident investigations, that is some information that's gathered on how effective it is, and ...
MEMBER ROSEKIND: More? We've still got a couple minutes here. More?
CARL WEIMER: Yes. In Washington State because of the Pipeline and Informed Planning Alliance document that's recently come out, we've had an effort for the past year in Washington

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State to try to engage local public officials about planning new pipelines. And through some of those very targeted efforts we've got, I think, four jurisdictions now that have passed ordinances that use their zoning and permitting processes to help people stay safer near pipelines. And a couple other jurisdictions that are moving in that direction.
ANNMARIE ROBERTSON: I think with respect to damage prevention it's a little bit easier to measure, because we can measure calls to 811 after a campaign, and in many cases we can measure damages for thousands and locate tickets. It's more difficult to measure the behavior, what do you do after you smell gas? But I do know campaigns where they measure understanding and intended behavior if -- if a customer would smell gas, and they run the campaign and take the same measurements.
There is some effort going on out there.
MEMBER ROSEKIND: My emphasis is trying to focus on that objective, because while you're

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measuring survey rates and the people got mailings, and you can count on the fact that after this hearing I'm going to pull all my colleague board members to find out what they've got in the mail and if they read them or not, right?

(LAUGHTER)

MEMBER ROSEKIND: So just because we don't know something's there, after tragedy it's easy for all of us to say, we really should have paid attention.

We need to focus on the knowledge, and do they have the action.

I think there's a lot of examples with responses -- San Francisco Airport, they do this all the time, people really do walk or run. We can measure that kind of stuff, but that has to be where the focus is. And I want to raise the concern that we're just focusing on the mailing, did they get it or not, did they read it, et cetera.

What we really want to know, do they have the right knowledge, do they have the

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knowledge to take the right action? Whether they do it or not is another thing, but we've got to get that part -- I think there's a misnomer about awareness because we all know it's not good.

And the final comment I would make is, this is hard to do with models. I work in transportation safety. Fasten seat belt, do not drink and drive. And prevention is even harder.

There are models, though, that people can take from other places to make sure that you're using the most effective mechanisms possible to get the best outcomes that you want. Because we don't want these tragedies, and just wondering if the people got the mailing or not.

We want to know that the first responders had the right information to take the right action. Thank you.

CHAIRMAN HERSMAN: Vice Chairman.

VICE CHAIRMAN HART: Thank you. I would like to second Mr. Rosekind, and certainly what the Chairman has already said about the amazing response of the first responders. I was there on

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the scene so I witnessed it and I heard the story of the truck turning the corner and the heat cracked the windshield. That tells what the people were subjected to and they did an amazing job. So I'd like to second that, what Mr. Rosekind and the Chairman have said.

My question is to is 1162. And it's not clear to me, maybe it should be addressed to Mr. Lidiak from API and Ms. Robertson from PHMSA.

But it's not clear to me whether this is a recommended practice from API or whether or not it's a requirement that was made a requirement by PHMSA.

So what is the -- what is the status of 1162 in the industry?

ANNMARIE ROBERTSON: In 2005, PHMSA incorporated by reference the API 1162 recommended practice, and operators are directed to develop and implement programs that align with the baseline and supplemental requirements of their recommendations of 1162.

VICE CHAIRMAN HART: So the regulation

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elevated it from a regulated practice to a requirement, I take it.

ANNMARIE ROBERTSON: Yes -- yes --

VICE CHAIRMAN HART: Are there metrics to determine whether this requirement is being met and what kind of follow-up has been --

ANNMARIE ROBERTSON: We have a special program underway.

VICE CHAIRMAN HART: Okay. Thank you very much.

CHAIRMAN HERSMAN: Thank you.

Chief, I'm going to start with you. Did you have any delay in accessing any of the victims or the survivors, or protecting public or private property?

DENNIS HAAG: Madam Chair, did you say "delay"?

CHAIRMAN HERSMAN: Yes.

DENNIS HAAG: No, there was no delay on the part of emergency medical response, or -- conservation.

CHAIRMAN HERSMAN: How long did it take

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you to get to the victims or survivors?
DENNIS HAAG: I'm trying to count ... I believe five of the victims were deceased, and we had one self-transport, two self-transports.
But there was no delay in getting to them.
So as far as they were out of the residences, so we had access to those transports.
CHAIRMAN HERSMAN: Okay. So the fire didn't prevent you from getting to anyone?
DENNIS HAAG: No.
CHAIRMAN HERSMAN: Okay. How about public or private property?
DENNIS HAAG: Well, obviously, the fire prevented us from getting to some of the properties. You mean undamaged properties?
CHAIRMAN HERSMAN: (Nodding head)
DENNIS HAAG: And this -- in this scenario, which I guess I'm having a little hard time understanding, is, the size of the explosion and the ensuing ball of fuel pretty much established its own perimeter.

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And from the heat, we could access only so close to any point in that perimeter. So that was essentially our limitations of gaining access there.
CHAIRMAN HERSMAN: And once the gas blow was stopped were you able to access inside that perimeter?
DENNIS HAAG: Once the flow was stopped, yes, we were able to get in there; we were still fighting structure fires and, obviously, we were still waiting for the residual pressure to be shut down also.
CHAIRMAN HERSMAN: And how long did that take, once your folks arrived on the scene?
DENNIS HAAG: I believe it was another 20 minutes, I think, for the residual to be shut down.
Now, some of those areas had to be done manually, so it -- there was probably certain areas that could have accessed it a little easier if that wasn't impacting the operation.
CHAIRMAN HERSMAN: When you say 20

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minutes, you're saying 20 minutes from the first 911 call or --
DENNIS HAAG: No, I'm sorry. I thought you were referring to the residual.
CHAIRMAN HERSMAN: No, I'm talking about the initial fire, and your arrival on the scene. How long did it take you to access inside the perimeter? Were your teams watching for an hour? Or what was going on?
DENNIS HAAG: The valves were shut off about an hour and 20 minutes after.
CHAIRMAN HERSMAN: So your teams arrived on-site.
DENNIS HAAG: Yes --
CHAIRMAN HERSMAN: How long after --
DENNIS HAAG: Set up our perimeter, did what we could with what we had, essentially, contained that perimeter.
We did have firefighting activity being done on structures who copped to exposures and radiant heat.
And then it was probably an hour and 20

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minutes before the main valves were shut down and the main fuel source went down, we were able to advance on the perimeter.
CHAIRMAN HERSMAN: Okay.
Mr. Jones, can you please pull up Exhibit 4A.
I want to follow up on Mr. Trainor's question to Mr. Rezendez having to do with public awareness. And RP1162 establishes guidance for operators to develop, manage, and evaluate public awareness programs.
And Mr. Trainer asked you a question about evaluating the effectiveness of your public awareness programs. And I understand that you contract out the evaluation portion of that? And there was a little bit of a discussion about the response rate and that they had mathematical models.
Do you remember that?
AARON REZENDEZ: I do.
CHAIRMAN HERSMAN: Did you feel like you got a good response rate on your evaluation?

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AARON REZENDEZ: I do. You know, again, we're participating in the API-sponsored PAPA survey which is the public awareness program, effectiveness research survey, we participated in in 2007.

Now, again, I'm not a statistician, but it's my understanding that that particular survey as executed was designed to get a representative sample such that you'd be able to scale that to that population.

CHAIRMAN HERSMAN: Okay. Mr. Jones, if you could pull the exhibit up. And this is the exhibit for the group responsible for this. The survival factors for [inaudible] --

Would you go to page 18, please.

And right here at the bottom it talks about your effectiveness review, Paradigm Alliance conducted a program effectiveness review in June 2010.

They mailed public awareness brochures with business reply and survey postcards to over 15,000 addresses. Eight weeks later, 20 survey

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postcards were returned.

So if you could go to the next page, please, Mr. Jones.

And here's a summary of some of the responses that they received on your behalf. And these were all mailed to people who actually are located near a pipeline.

And so, do you or someone you know work or live near a pipeline? More people said no than said yes.

Have you seen information about pipeline safety within the last two years.

And earlier in the document we talked about all the mailings that are done twice a year, through the bills and things like that.

Fourteen of them said no, that they had not seen information, and only three had.

The great news is everyone would call 911. And, unfortunately, I think this kind of shows what we have problems with excavation, have you or anyone you know ever discovered a buried pipeline while digging, and 17 people said yes.

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So maybe these people who were responding to this postcard self-selected because they may have actually had a problem.

And have you ever heard of the one-call system before reading this brochure? And only two people said yes and 14 said no.

So I think I -- I think 20 responses out of over 15,000, to me does not say that you had a good hit on your evaluation program.

I'm not sure if Mr. Weimer or Ms. Robertson want to comment with respect to what the expectation is for evaluation and effectiveness. But I think even the 20 people who did respond demonstrate you've got serious problems with people being aware of what's going on around them.

AARON REZENDEZ: And you're right, Madam Chairman. I will not disagree that there was a real learning opportunity in the responses that we received.

I think what's important here is what was mentioned a little bit earlier, that one of

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the things that utilities are encouraged to do is actually develop materials that are compelling, and informative, and that have a tone and a language for which the audience speaks, as opposed to utilities speak.

And in those responses, and just so we're clear as to what we did, the business reply card that was used there was to test the actual content, not affecting the survey such as the PAPA survey, but it affected the survey, if you may, I mean actual effectiveness of just that individual piece.

In getting 20 responses, we have 15,000 recipients, was unacceptable to us, and it caused us to step back and to really ask the question, you know, what are we doing wrong with respect to notifying and informing and raising awareness?

Clearly the language needs to change. And so we will be engaging our corporate communications group, who has particular expertise in these kinds of areas, to completely reformulate, if you may, the information.

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And I think, too, when you look at the business reply card, and this is kind of an industry technique is, what are you really offering in return?

One of the things I think we really missed in that particular piece was, we didn't give the customer some benefit of letting us know that information. We said their opinion was important, but maybe they had additional questions, maybe they wanted to get additional information.

So we're looking at opportunities to improve, if you may, the techniques that we use to be able to kind of entice, and I was mentioning a little bit earlier, or prompt that kind of response.

CHAIRMAN HERSMAN: Thank you. We'll turn back to the panel. If you have some additional questions.

MR. TRAINOR: I have one question for Mr. Rezendez.

During the session where the parties

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were posing questions to the panel, you brought up Exhibit 4Y which was a Google map showing the location of pipelines in the San Bruno area.

When was that diagram, or map, placed on your website or on the Internet?

AARON REZENDEZ: Shortly after the San Bruno incident.

MR. TRAINOR: What type of comparable information was available through the Internet or other public sources prior to the accident?

AARON REZENDEZ: The National Pipeline Mapping System.

MR. TRAINOR: Thank you.

MR. CHHATRE: Madam Chairman, the Technical Panel have no more questions.

CHAIRMAN HERSMAN: Thank you, Mr. Chhatre.

How about the parties? Are there other parties who have additional questions? Okay. Let's do CPUC first.

MR. CLANON: Is there information about the pipelines through the area that PG&E would

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choose not to give to first responders? Either in your own book or in [inaudible]?

AARON REZENDEZ: I'm sorry, could you repeat the question.

MR. CLANON: Yes. Is there information about a transmission line, for example, through a neighborhood that PG&E was not to give to first responders for any reason?

AARON REZENDEZ: Not that I'm aware of.

MR. CLANON: And, similarly, for the general public, is there information about pipelines through my neighborhood that PG&E has, that PG&E would not feel comfortable giving me?

AARON REZENDEZ: Not that I'm aware of.

MR. CLANON: The reason I ask that, if you want to stand on that answer is, that, particularly since the San Bruno accident, people in Northern California are concerned not [inaudible] through their neighborhood by whether it might be an old one or whether it is similar to the one that ruptured.

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So, PG&E would feel comfortable providing local people with specific information about the pipelines?

AARON REZENDEZ: Yeah. In fact, we have an 888 number that was set up, because we were receiving a lot of inquiries. Customers wanted to know, and we wanted to provide information.

And so, we set up an 888 number, received thousands of calls on that individual line. And for those more complicated questions, maybe kind of the ones that you're inferring, those actually go through a process whereby experts, if you may, with that particular specialty and the ability of being able to get those answers, will send in writing to those customers, those various responses.

MR. CLANON: Thank you. That's all I had.

CHAIRMAN HERSMAN: Mr. Wiese.

MR. WIESE: Thank you very much.

Ms. Robertson, I wonder if you could talk to us a little bit about what the federal

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regulations require in regard to liaison, emergency responders, emergency response plans, and maybe a recent advisory on that subject.

ANNMARIE ROBERTSON: Yeah, our regulations have long required pipeline operators to liaison with emergency responders, not only in our public awareness requirements but in 192 at 615 has to do with the emergency response plans. They have responsibility to reach out to the first responders, to explain to them the pipeline is in the area, that the characteristics of release, how to respond, how to get more information, contact information.

Recently, I believe it was in November of 2010, we issued an advisory bulletin reminding operators of the responsibility, of the liaison responsibilities for emergency responders.

MR. WIESE: Thank you very much.

Chief, I just want to make a -- forgive me, minor rhetorical comment. It was in part, we all look to learn from tragedies like San Bruno.

Our administrator following that

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directed us to reinforce the message with the industry that they have a positive requirement to maintain liaison with emergency responders. I think we all believe that's crucial.

Just a real quick question, because I think it needs to be in the dialogue as we talk about maps. I don't know if there's anyone who wants to comment about the National Pipeline Mapping System.

There was a compromise reached after a number of years of talking about what level of accuracy, who can access what, I don't know -- I mean, Carl, you were as involved in that as anyone. Would you care to address that?

CARL WEIMER: Certainly. The availability of NPMS system is one of the few ways that people can really find whether there is a pipeline in their neighborhood or not. We just need to get the word out more that that is available. There may be some user-friendly issues with that, still, because I -- I get calls all the time from people that have tried to access that

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and can't quite figure out how to get in there, or they get to the first page where you have to have a password, and they can't figure out how to get past that.

But it's a wonderful system once you figure it out. And after the San Bruno tragedy, the NPMS got so many hits that it was overwhelmed. Our website went down, too, because there were so many people looking for that information.

MR. WIESE: Well, thank you. We think it's a crucial tool, too. What I was trying to get to is there are security considerations so the compromise that was reached after three years of negotiation with Homeland Security and everyone was to get it at a county level and lower, and not to allow people to zoom in and out, that it could be used for other purposes. I know there are a million opinions on that. I just wanted to get it on the record.

And, lastly, for Ms. Robertson, during your inspection of public awareness, obviously effectiveness is what everyone was after. It was

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an original recommendation from the NTSB, as you noted, from Lively and, I think, also an accident in -- well, in Carmichael, but in Kansas as well.

And they asked us, and we built that into that standard which is now appropriated.

But how do we look to see if a company is actually learning?

ANNMARIE ROBERTSON: That's what the inspection process is all about. What we want to find out when we go out to the -- and meet with these operators and conduct our inspections is, number one, what does their program say? Is it in line with the 1162? Number 2, did they implement it in accordance with what they've written, what they've said they're going to do? Have they taken the measurements that are required? How do they go about each of the different audiences and each of the different messages? How did they measure, what was their methodology, and what did they learn from it? You know, you can have the measurements but you need to evaluate it, what do you learn from it, and what have you done, what

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are you planning to do to make changes to your program?

Public awareness is a continual improvement-type regulation. There's a 12-step process within the regulation that outlines out to operators what they should do to improve their programs.

And as we continue to do these inspections, we'll learn what's working and what's not working with respect to the regulation, and the standard, and we can make changes accordingly.

MR. WIESE: Thank you. Just rhetorically exiting, I'll say if I had a response rate, as you did, and PG&E and Mr. Rezendez, I'd be thinking about whether that tool was effective, you know, or maybe there's another way of implementing that tool to see whether that's effective.

But clearly that sort of response rate is not helping.

So thank you.

CHAIRMAN HERSMAN: Do we have other

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questions from PG&E?

MR. JOHNSON: Yes.

Mr. Rezendez, could you please clarify what the 2007 PAPA survey was.

AARON REZENDEZ: The 2007 PAPA Survey was an opportunity for us to gain a baseline understanding and awareness level for the various populations, be it the effected public, excavators, as well as emergency response professionals, and public officials.

MR. JOHNSON: Could you clarify what the 2010 tear-off mailing was all about?

AARON REZENDEZ: It was to assess the effectiveness of that individual piece. Was the language, the tone, the messaging, being understood by the individuals who physically were receiving that material?

MR. JOHNSON: And that is the survey, the 2010 tear-off response was what you were responding to in terms of the number of responses we received?

AARON REZENDEZ: That's correct. That's

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the 20 responses we got as a part of that business response card.

MR. JOHNSON: Thank you.

CHAIRMAN HERSMAN: Ms. [inaudible].

CONNIE JACKS: Yes, I just have a follow-up question regarding the questions a moment ago from PHMSA, having to do with the National Pipeline Mapping System, and I'll ask this -- this question to Mr. Rezendez and Ms. Robertson.

Given that the scale of that map is -- and the security considerations in a previous discussion that was referenced earlier suggested that the -- and they scaled that down and thought it should be a fairly high level, I'm told that it is a 1 to 24,000, what tools are available to a member of the public who might wish to drill down, if you will, a little bit further, somebody who's actually very anxious to get more information?

Where would they go? Either within PG&E or through Ms. Robertson, where might they go, in general?

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ANNMARIE ROBERTSON: With respect to specific location information about pipelines, the NPMS is the source guide, is the source. We have on our Safe [inaudible] Communications website, there's a lot of communication about the pipeline safety program, about the regulations, about specific operator pages, what the mileage to enforcement actions.

We have a wealth of information about damage prevention, public awareness of the type of program that just came out.

So, although there may not be more definitive information about the location of the pipelines, there is a lot of information about the Pipeline Safety Program available on our website.

We also do a lot of outreach. Our CATS program, certainly, is key to getting out to the public, and another of the -- another opportunities -- any other opportunities that we have to reach out to the public we try to take advantage of that.

AARON REZENDEZ: The map that's located

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within My Account function, I believe, is a much closer view, and gives some two-mile radius.

Also PG&E is participating in a new program that was developed by the Pipeline Association for Public Awareness. It's an online module that allows people to identify pipes near them.

I think what's really -- we're trying to take advantage of technology, so it will also have kind of an iPhone or a Google-based phone application that will allow you to access that through your browser and be able to find major pipelines that are located in the area, it will tell you the direction, the distance, it will tell you what product is inside, the various hazards associated with that, response needs, if there's a leak, and contact information for the operator. So we are looking at additional opportunities to be able to meet that need.

CONNIE JACKS: Thank you.

CHAIRMAN HERSMAN: Member Weener.

MEMBER WEENER: Just a comment. I just

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pulled up the National Pipeline Mapping System, and the Public Map Viewer doesn't work.

CHAIRMAN HERSMAN: Actually, I just pulled it up a few minutes ago and it did work, so -- don't have a heart attack. I actually was able to use it.

I know that there is some confusion -- some places that look confusing, almost like you need a password for it. There's a public way to get in. So I'll show you how to find the pipeline in your neighborhood.

(LAUGHTER)

MR. WIESE: We'd like to commit to fix that page.

CHAIRMAN HERSMAN: Member Rosekind.

MEMBER ROSEKIND: Operator error, obviously.

(LAUGHTER)

MEMBER ROSEKIND: Just a quick question. I'm curious. In terms of responder knowledge, prior to September 9th, what type of information was available between PG&E and San Bruno, both

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Police and Fire, regarding any information that would help facilitate coordination of a response?

DENNIS HAAG: Well, my understanding ... am I on -- thank you. No?

CHAIRMAN HERSMAN: Sometimes you have to get pretty close to the mike.

DENNIS HAAG: Am I on?

(LAUGHTER)

DENNIS HAAG: Yeah, my understanding is, we know that PG&E uses units in the command system and the Fire Service has used the command system for a long time.

And my hope is we would go into the next phase, and our program is to look at those response plans and merge our plans between the two agencies.

So there's a point of contact that, you know, in an event like this we can make a one-step call, make that contact, and have somebody who can make decisions quickly, and speed up the entire process of the emergency response.

MEMBER ROSEKIND: So just to be clear,

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was that point of -- before September 9th was that point of contact clear, and had those lines of communication for coordinated response been worked out?

DENNIS HAAG: No, at the time. But I do want to say that on September 9th, the PG&E response was great. We had -- we had liaisons established and it worked out. I think there was an opportunity to enhance that, and that's my goal.

MEMBER ROSEKIND: Thank you.

CHAIRMAN HERSMAN: Vice Chairman.

VICE CHAIRMAN HART: Thank you. I already spoke to the amazing job that the first responders did as first responders, but I would also like to take this opportunity to thank the City of San Bruno and all the agencies, San Bruno Fire and Police and the others for facilitating the investigation as well as they did, for preserving the site, for accompanying us wherever we had to go to do what we needed to do as investigators, for feeding us, and providing a

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place to meet, and all of the things that you did to help this investigation go as well as it did. I want to congratulate you for a job well done.

CHAIRMAN HERSMAN: You know, yesterday we had an opportunity to discuss some of the SCADA activities and the 911 calls and stuff like that.

I just wanted to ask Mr. Rezendez if there's any post-September 9th collaboration between you, and kind of what goes on in the SCADA center.

If they're relying on someone from PG&E go on, and kind of give them feedback on what happens, and yesterday they were told they don't call 911 if they see something, an anomaly at the SCADA center.

Has there been any changes to that post accident?

AARON REZENDEZ: That is actually an active conversation, a very timely question, indeed. Thank you.

Yeah, we're actually -- yeah, one of the things that I think kind of typifies an incident

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that occurs, whether it be on the distribution side or a much larger scale like what happened in San Bruno, is that oftentimes because of awareness among the public, that when something occurs, their first call is usually 911.

So it's -- it's typically the situation where, they're the first responder of all the first responders.

Going forward, yes, they are actually -- they're looking at our policies and our procedures at exactly that very issue to, you know, assess when is the appropriate time to make that phone call, who should be making that phone call. Because, obviously, we have first responders out there who go and make an initial assessment, whereby the need of having the fire or the police department present there in order to secure the area is essential.

So we are absolutely looking at that.

CHAIRMAN HERSMAN: Okay. Thank you.

And, Ms. Robertson, can you please talk about some of the improvements that we saw before,

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and then after 3-digit dialing was instituted as far as public awareness for one-call?

ANNMARIE ROBERTSON: 911. Yes. The Common Ground Alliance does a survey, I believe it's every two years, to get an understanding of the awareness level for 811. And although it's not like where we would like it to be, we are seeing constant improvement in, you know, the awareness and responsibility of calling 811, and the availability of the number.

CHAIRMAN HERSMAN: So what we know, though, is before we had 3-digit dialing we had more excavation events than we did after we did 3-digit dialing, 811 and community awareness campaigns.

So what I'm trying to understand is, we had a success in that area, where we were actually able to change behavior and get information out, and people actually acted on it. And so those excavation damages accidents are going down.

What created the catalyst for the success in seeing that be effective, and that

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communication be effective? And could we translate any of those lessons learned to the public -- general public awareness side?

ANNMARIE ROBERTSON: The 811 campaign is largely a grassroots campaign. It's done through the -- the materials of it are available through the Common Ground Alliance but they're distributed to grassroots level through various organizations.

So it's about getting the right message to the right people from the right source. I think Carl talked a little bit about that.

As far as overall awareness, there are many other messages besides damage prevention and calling 811 that we need to convey, and that can be a bit of a challenge when you're trying to convey so many different messages to get to the stakeholder audience.

CHAIRMAN HERSMAN: Okay. Great. Mr. Rezendez, I want to ask you, if after the accident -- and I don't know how much, you know, what the cover and the reach is for PG&E -- is it reasonable to expect a PG&E employee to make

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personal contact with each and every fire chief in your service area?

AARON REZENDEZ: I think --

CHAIRMAN HERSMAN: Is that realistic?

AARON REZENDEZ: Well, I think at a local level where, say our maintenance and construction operation, it would be the other first responder on scene, that those are two-way communication channels that should be maintained and encouraged at the local level. Absolutely.

CHAIRMAN HERSMAN: Okay. And I did want to follow up. Just -- I did use the mapping tool. It's on PHMSA's website. And I think this is one of the challenges because I think for people, if they don't know that they need to look for something, or that they should look for something, or how to look for something, that they're not going to look for it.

And so these are -- these pipelines are buried, and I think I'm a little bit unique and I'm probably hypersensitive to these issues, more than your average consumer. But there is a

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transmission pipeline that runs through my neighborhood at the top of our street in our community.

And, really, the primary reason why I knew that is because I saw the yellow poles sticking out of the ground with disks on them. And I know what those are because I've worked in the transportation field for many years and I've worked on pipeline issues in particular.

But most people don't know what those are, most people don't know what they're looking at. So I know along those right-of-way there are those markers, but I have to tell you, there's been a lot of acquisitions and mergers over the years, so when I went to PHMSA's website just now, I didn't even know the name of who that transmission line operator is, because it's not the distribution line that provides the gas to my home.

Washington Gas provides gas to my home. But the transmission that runs through our neighborhood, the transmission line is actually

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Dominion. And I didn't know if it was Dominion or another name when I went to look.

And so I did have an opportunity to go look at the map and take a look at it, but I have to tell you, your average consumer isn't going to go do that. They are not going to know in particular that it runs through.

But, Member Sumwalt, I do think that if you have a right-of-way running through your property, you are going to have that disclosure when you go to settle, when you are purchasing property. But that doesn't mean that I will. I live in that neighborhood, and I don't have, necessarily, the pipeline located on my right-of-way, but it's near me. And I wouldn't necessarily know that, and so, I think it's a real challenge.

If I got a mailing from a company called Dominion, and I didn't know what the pipelines were, I would probably throw it in the trash before I even opened it because I would think it was junk mail.

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I do open my gas bill because I know they should be mailing something to me, but I know it's a difficulty. This is what Mr. Rosekind was saying, there's information that's presented, but do people get it? Is it coming in? Are they internalizing it? Do they understand?

So I know our team is very interested in this issue. We've had great response from our panelists and we thank you very much for your participation. And we look forward to continuing to work with you as this investigation proceeds, to draw on your expertise.

I think we will have some specific comments on -- or questions for the record, and particularly for Mr. Rezendez, but given that our time is short we want to keep on schedule, we'll potentially file those in paper for you.

Thank you very much. The second panel is excused. Thank you for your service, and we'll take a break for lunch and we'll come back at 1:00 o'clock.

(LUNCH RECESS TAKEN AT 11:58 P.M.)

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AFTERNOON SESSION
1:02 P.M.

CHAIRMAN HERSMAN: Welcome back, and we will begin with our fourth panel on federal and state oversight.

Ms. Ward, if you could please swear in the witnesses.

HEARING OFFICER WARD: Thank you, Madam Chairman.

For the record, the witnesses are seated right now -- and they're standing up on their own. Okay.

(LAUGHTER)

HEARING OFFICER WARD: Please raise your right hand.

DENNIS LEE,
RICHARD CLARK,
JULIE HALLIGAN,
LINDA DAUGHERTY,
ZACH BARRETT, and
PAUL METRO
called as witnesses in this case,

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having been first duly sworn
upon their oath,
testified as follows:

EXAMINATION

HEARING OFFICER WARD: Thank you. Please be seated.

For the record, I will state the name of the witnesses at the table.

We have Mr. Dennis Lee, Mr. Richard Clark, Ms. Julie Halligan, Ms. Linda Daugherty, Mr. Zach Barrett, and Paul Metro.

We'll start with you, Mr. Lee.

DENNIS LEE: Good afternoon. My name is Dennis Lee. I'm a senior utilities engineer with the CPUC. I've been with the CPUC since December of 1999 and my duties and responsibilities at the CPUC is to supervise the gas engineers in the gas safety section at the CPUC.

HEARING OFFICER WARD: And Mr. Clark.

RICHARD CLARK: Good afternoon. My name is Richard Clark. I'm the director of Consumer Protection and Safety Division at the California

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Public Utilities Commission.

My job is to influence and implement policy within the commission with respect to natural gas, electricity, communications, freight railroads, passenger railroads, rail transit and rail crossings. I have a Bachelor's degree from San Diego State University in history, political science and sociology. I've been with the commission since the energy crisis in 2000.

HEARING OFFICER WARD: Ms. Halligan.

JULIE HALLIGAN: My name is Julie Halligan and I'm...

Can you hear me now? Okay.

My name is Julie Halligan. I'm the deputy director for the Consumer Protection and Safety Division at the California Public Utilities Commission. I have all the non-rail programs in CPSD. That includes utilities, safety, gas and electric, as well as electric generation performance, transportation enforcement and consumer fraud.

I've been at the commission for about 19

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years. I've been in this position for four years. I have a Bachelor of Science degree in finance.

HEARING OFFICER WARD: Thank you.

Ms. Daugherty.

LINDA DAUGHERTY: Good afternoon. My name is Linda Daugherty. I'm the deputy associate administrator for the Pipeline and Hazardous Materials Safety Administration's Office of Pipeline Safety.

My group includes the program development, engineering, regulatory development, enforcement, state programs, and training and qualification.

I started in the regulatory business about 20 years ago. I'm a chemical engineer, and I started as an inspector and accident investigator for our central region. So I've been in a while.

HEARING OFFICER WARD: And Mr. Barrett.

ZACH BARRETT: Good afternoon. My name is Zach Barrett. I'm the director of state programs. I have the responsibility of the

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performance evaluations of state programs and distributing the associated grant funding with that. I've been with the organization for 23 years, working on 24 years. I've been an inspector, then a senior project engineer, leading our gas integrity management regulation development.

I have been an enforcement officer, and I appreciate the opportunity to participate in the hearings today that you guys are giving us.

HEARING OFFICER WARD: And Mr. Metro.

PAUL METRO: Good afternoon. My name is Paul Metro. I'm chief engineer of the Pennsylvania Public Utility Commission Safety Office. I've been with the Pennsylvania Public Utility Commission for about 26 years. Today I'm representing the National Association of Pipeline Safety Representatives as the Vice Chairman.

HEARING OFFICER WARD: Thank you.

And Madam Chairman, the witnesses have been sworn in and qualified, and they're ready for Mr. Nicholson to question them.

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CHAIRMAN HERSMAN: Thank you very much, Ms. Ward. And welcome back to Mr. Clark.

We had a hearing on the Metrolink accident in Southern California a few years ago, and I understand how -- how the breadth of your responsibilities goes across many activities and areas, and thank you for coming back after having participated in a hearing in the past -- WMATA.

RICHARD CLARK: That's correct.

CHAIRMAN HERSMAN: Okay. So, Mr. Nicholson, please proceed.

MR. NICHOLSON: Thank you, Madam Chairman.

Mr. Lee, I'd like to start with you and discuss state and federal management audits that were performed on PG&E. If you would, could you tell us just overall how an integrity management audit is performed for a natural gas operator?

DENNIS LEE: Basically, we would use PHMSA's gas protocol forms. They're on a protocol checklist. Basically, it's about 168 pages long and it covers about 14 areas, which basically

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covers the entire IM program.

And we would conduct these audits using that protocol, going through the checklists, and reviewing related procedures, records, project files, pertaining to their program.

And throughout -- usually, it's about a two-week audit with about four engineers. And once we complete the audit, a report goes out, as in two of those exhibits, and we -- before we have a response from the company, and we review their response, and we close out the file if we agree with their response.

MR. NICHOLSON: What are the 14 areas that you discussed?

DENNIS LEE: Pardon me, why don't I just -- this is -- the 14 areas are: Identifying high consequence areas.

Baseline assessment plan.

Identify threats.

Data integration and risk assessment.

Direct assessment plan.

Remediation.

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Continual evaluation and assessment.

Conformatory direct assessment.

Preventative and mitigative measures.

Performance measures.

Record-keeping.

Management of change.

Quality assurance.

Communication plan.

And submittal of program documents.

And those are the 14 areas.

MR. NICHOLSON: Okay. And during those interviews, or those audits, are you actually interviewing persons?

DENNIS LEE: Yes. Yes, we are. We interview individuals or groups.

MR. NICHOLSON: And what sort of things do you go over with those individuals?

DENNIS LEE: Basically, we go through the checklist that covers these different areas.

MR. NICHOLSON: So while you're filling out the checklist, you're actually entering the person --

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DENNIS LEE: Exactly --
MR. NICHOLSON: -- that's responsible for that?
DENNIS LEE: Exactly, yes. And if I may add, we also interview the individuals or groups and we review their programs and procedures pertaining to the areas.
MR. NICHOLSON: Okay. You say four groups?
DENNIS LEE: Or groups.
MR. NICHOLSON: Or groups. Gotcha.
DENNIS LEE: Sorry about that.
MR. NICHOLSON: How exactly does the CPUC evaluate the operators' self-assessment of their integrity management plan?
Is that a checklist process? Can you elaborate a little bit on how you look at the operator's ability to assess their integrity management program for effectiveness? What do you look at in that area?
DENNIS LEE: One of the -- a requirement is they have -- they go through a continual

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evaluation of their program, and they have their own -- there's certain rules requiring their -- them to have effectiveness, either digs or other things.
And we review that and make sure they are doing what are required to do.
MR. NICHOLSON: Were there any findings related to the self-assessment of the integrity management program for PG&E in 2010?
DENNIS LEE: Well, we had an area of concern where a contractor -- they hired a third party contractor to review their risk management plan, to review their ILI process and their ECA process, and the consultant found some areas of concern.
So they -- PG&E went ahead and remediated those issues, and -- and we let them in.
MR. NICHOLSON: Okay. So their self-assessment was hiring a third party consultant?
DENNIS LEE: One of many ways for them

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to do that.
MR. NICHOLSON: And in what years were those?
DENNIS LEE: The self-assessment -- the -- it was 2007 for one of them. And then 2009 was another one.
MR. NICHOLSON: And the finding was then that PG&E was not responsive to those?
DENNIS LEE: Yes -- yes. They weren't as responsive. However, they did send a response, and we're still currently reviewing their response to -- their response to the third party findings.
MR. NICHOLSON: And how long do they have to respond to a finding from a third party consultant?
DENNIS LEE: There's no written rule. It's just a timely -- doing it in a timely fashion, basically.
MR. NICHOLSON: Also in this audit, you looked at risk management. I believe that was one of the 14 areas.
DENNIS LEE: Yes, it was.

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MR. NICHOLSON: Can you discuss findings from 2010 in the area of risk management?
DENNIS LEE: In that --
MR. NICHOLSON: For PG&E.
DENNIS LEE: It was just maybe minor procedural issues, where they had to maybe incorporate more into the procedures, strengthening certain parts of their procedures.
I don't have the exact details.
MR. NICHOLSON: I understand.
Were annual reviews looked at of their program?
DENNIS LEE: By PG&E? Or --
MR. NICHOLSON: Yes. Is that something you'd audit?
DENNIS LEE: Yes, we would look at that.
MR. NICHOLSON: And was there any finding in the area of whether they were reviewing their plans on an annual basis?
DENNIS LEE: No, there wasn't, I don't believe.
MR. NICHOLSON: I want to go back a

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little bit now to the 2005 audit.
If you could tell me, on the 2005 audit, were there any issues found on PG&E on their integrity management?
DENNIS LEE: Yes, there were some issues found.
MR. NICHOLSON: Was that a joint audit with yourself?
DENNIS LEE: Yes. It was four individuals from the CPUC and one individual from PHMSA.
MR. NICHOLSON: And what were the findings?
DENNIS LEE: Again, same thing: Procedural issues. There was one issue where 80 percent wall loss, they had classified it -- they didn't classify that as immediate; however, by the end of the audit, they actually revised their plans and procedures, that they would state that -- that if it was an 80 percent wall loss, they will consider that as an immediate finding.
MR. NICHOLSON: Okay. And so they

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corrected that when you were onsite?
DENNIS LEE: Yes.
MR. NICHOLSON: Do you know where the wall loss was on the findings in 2005? What areas? What segments?
DENNIS LEE: I don't know.
MR. NICHOLSON: Was this line 132?
DENNIS LEE: It wasn't.
MR. NICHOLSON: So when going through the threat assessment of the risk management plan, RMP1, did CPUC have any views with regards to their selecting the top ten threats?
DENNIS LEE: No, we didn't have any comment.
MR. NICHOLSON: Is that typical? Have you seen that with other operators, that the risks are categorized, or sequentially listed, and then just taken as the top ten for action? Or is that something where there's a fixed threshold for risk?
DENNIS LEE: Sorry, I'm not really familiar with that part.

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MR. NICHOLSON: There's no notations, no findings, as far as how they're ranking their riskiest pipe segments in their system.
DENNIS LEE: No, there was no issue with that.
MR. NICHOLSON: So you talked about the checksheet. Is there anything else that the CPUC does in evaluating the adequacy of the threat assessments identified in the risk management plan?
DENNIS LEE: No. We basically rely on the PHMSA check-off list, and there's also guidance material that's part of that, too.
MR. NICHOLSON: Now, you get into the plan itself, right? I mean, you're looking at the actual weightings and categories?
DENNIS LEE: Yes.
MR. NICHOLSON: Okay. And there was no findings, no concerns, in 2005 or 2010 on the weightings used?
DENNIS LEE: I don't believe so.
MR. NICHOLSON: Okay. Okay.

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Can you talk a little bit about exception reports and how those are used on PG&E?
DENNIS LEE: Yes. In the 2010 audit, we found issues where PG&E had used exception reports more frequently than needed. The exception reports should basically be used when they can't meet a certain timeframe, or there's certain things that it can't do.
However, they were actually using some of these exception reports to basically -- keeping them from doing certain procedural things that they were required to do.
MR. NICHOLSON: What sort of procedural things?
DENNIS LEE: Things like -- let me just look at my notes briefly. (Perusing document)
Things like looking -- accepting a report to -- for basis of not excavating or examining certain indications found, which are required to do.
MR. NICHOLSON: Okay. So if they found an indication that it should have been a dig, they

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would take exception to that?
DENNIS LEE: Yeah. Because of certain reasons, they couldn't get to it.
MR. NICHOLSON: They could not get to it? So that was a reason to take exception to actually digging --
DENNIS LEE: Well, actually, they delayed the response. They delayed examining the dig for beyond the 90 days.
MR. NICHOLSON: Okay.
DENNIS LEE: So -- but they did --
MR. NICHOLSON: So the exception report was for a delay?
DENNIS LEE: For a delay, yes. It was for a delay.
MR. NICHOLSON: It was not an immediate --
DENNIS LEE: No, it was not an immediate, no.
MR. NICHOLSON: Now, you said they were also using exception reports for some other procedural matters? Can you elaborate, or is that

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the extent?
DENNIS LEE: That was pretty much -- pretty much it. A lot of delays and things like excavating all the schedule anomalies within 367 -- 365 days. Instead, they took 27 months.
MR. NICHOLSON: Okay. Almost -- over two years.
Can you speak up a little bit, too?
DENNIS LEE: Oh, sure.
MR. NICHOLSON: Thank you.
So as part of the audit in 2010, the PG&E integrity management plan review included a review and documentation of their pre-1970 pipe and how it was established within a maximum allowable operating pressure?
DENNIS LEE: They may have. I'm not sure.
MR. NICHOLSON: You did not specifically review sections of the pipeline that was pre-1970?
DENNIS LEE: No, we didn't.
MR. NICHOLSON: Okay. And that's not typical of an audit, that you go in and actually

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look for pipe that may have been grandfathered?
DENNIS LEE: Not for this audit in particular, because the -- basically, the data that's in the -- PG&E's GIS is populated through their pipeline survey sheets. And we didn't get into -- in-depth as looking into their purchase orders or their vouchers for the different pipeline information to verify that the information in their pipeline survey sheets were accurate.
MR. NICHOLSON: All right. Now, I'm speaking more -- not so much about their survey sheets or their GIS, necessarily, moreso pipe that would not have been hydro tested. You don't go back -- pipe that falls into 192.619.A3, you don't look for verification or documentation as to how that pipe was categorized?
DENNIS LEE: Not for this audit, no.
MR. NICHOLSON: And you were just talking about the GIS database. Would it be typical for your audit to go in and look at where they had assumed values?

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DENNIS LEE: Yes, we do.
MR. NICHOLSON: You do. And was there any finding in either 2005 or '10?
DENNIS LEE: No, there wasn't, because if they didn't have the data, they would use conservative values for the data.
MR. NICHOLSON: And they were using the correct conservative values?
DENNIS LEE: Yes.
MR. NICHOLSON: Is that a spot check, or --
DENNIS LEE: Basically, these audits -- all these audits are randomly sampling of records. We just don't have the resources and the time to look over every single record.
MR. NICHOLSON: And you say there were four of you on that audit, right?
DENNIS LEE: Yes, there was.
MR. NICHOLSON: Was it four of you reviewing that same documentation or did you split it?
DENNIS LEE: Different -- we split. We

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looked at different projects, different lines.
MR. NICHOLSON: So you did look at the GIS data, at least on the survey sheets?
DENNIS LEE: Some of it, yes.
MR. NICHOLSON: Did you audit their process or procedure for populating the GIS system?
DENNIS LEE: We may have. I... I'm not sure.
MR. NICHOLSON: Can you speak a little bit about how much training a CPUC auditor might receive?
DENNIS LEE: Usually, for us to be qualified as quality management inspectors, we go through two courses that are offered by PHMSA. And they are gas integrity management protocol course, and also the other course is called safety valuation of inline inspection, which is ILI, or taking program courses. So that's two courses that we take.
And also, we take -- there's seven web-based training that we do for the IM course.

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That's also offered by PHMSA.
MR. NICHOLSON: Okay. And the gas integrity management program training, what does that cover?
DENNIS LEE: That's what -- that's exactly what it was for. The previous one that I mentioned, those are for the IM training.
MR. NICHOLSON: For auditing?
DENNIS LEE: IM -- auditing of IM programs?
MR. NICHOLSON: Yes.
DENNIS LEE: Yes, those are the four things.
MR. NICHOLSON: It's not how it's executed.
Can you tell me what kind of formal training? Is there a degree requirement for auditors?
DENNIS LEE: Yes, an engineering degree.
MR. NICHOLSON: Okay. That's all I have at this time. I'll pass this on to Mr. Chhatre. Thank you.

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RAVI CHHATRE: I have a couple of questions for Mr. Clark.
And what I'd like to do is, maybe if you can tell me what factors you have considered in determining the audit frequency for operators, not just PG&E, but California utility that you are a director of.
RICHARD CLARK: At my level, I'm not really involved in the planning of the auditing. However, what I do know about it -- the two folks on both sides of me probably know more about that than I do.
But I do know that we do -- we do more than just integrity management audits. We do GEO112E audits. That's the general order that the State of California instituted back in 1960 with regard to gas safety.
We audit mobile home parks. We audit propane facilities. We audit the distribution facilities. We audit the transmission facilities via the integrity management audits.
And we -- basically, our approach in the

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past has been to be able to touch every aspect of the utilities operations as frequently as we can, and in as much depth as we can.
We have a statutory requirement on the mobile home parks that we inspect all 2800 of them at least once every five years.
The rest, there are no statutory requirements for the inspections of the other facilities. We do that at -- as our resources allow.
RAVI CHHATRE: And Mr. Lee, or maybe Ms. Halligan, can answer that.
JULIE HALLIGAN: In terms of the audit frequency -- can you hear me?
RAVI CHHATRE: Yes.
JULIE HALLIGAN: Basically, we decide how frequently to audit.
CHAIRMAN HERSMAN: Actually, I don't think everyone can hear you too well. If there are any other mics that are live over there, just make sure they are turned off. I heard a little bit of feedback.

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But maybe we can get your mic turned up a little bit. Try again.

JULIE HALLIGAN: Okay. Better?

We have -- for the PG&E system, they have about 17 distribution -- I forget if it's district or division, and about 11 of the transmission units, and we audit each of them depending on whether it's distribution or transmission. We'll audit distribution every two or three years. Transmission, we'll try to do it, again, every two or three years.

We'll audit a unit more frequently if we're finding -- if we're having significant findings or a higher number of findings in previous audits.

So we'll be looking at areas of the operators that might require more frequent inspections for the separate utilities in the south. So for gas in San Diego, they each have lines, one distribution and one transmission unit, and we'll audit those once every year, typically. That's our goal.

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But again, we -- we do it as frequently as we can, given our resources, and we try to increase it when we see something that necessitates increasing the frequency of the audit.

RAVI CHHATRE: Thank you.

I will be focusing more on integrity audits, not the other audits, but you answered them all.

JULIE HALLIGAN: Oh, okay. On the integrity audits we've only done -- we've done the two for PG&E, and I believe the same number for the Sempra company. We'd like to do them more frequently, but we haven't been able to at this point.

RAVI CHHATRE: Ms. Daugherty, can you tell us, has there been inconsistencies between the state audit programs and the integrity management plans that are audited?

LINDA DAUGHERTY: Can you hear me? Okay. I --

RAVI CHHATRE: Yes.

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LINDA DAUGHERTY: I understood your question in asking if the federal inspections are revealing different answers than the state inspections.

RAVI CHHATRE: That's correct.

LINDA DAUGHERTY: I would say we are finding similar issues across the country. We are finding during our integrity management reviews that operators, perhaps, are not doing as robust an assessment -- risk assessment. We're finding that there are areas that are requiring changes and improvement, and that we are going to be partnering later this summer for a workshop to address those very issues.

There are changes that need to be made and improvements that need to occur.

RAVI CHHATRE: And does it rely on auditors to conduct the audits with a certain minimum frequency?

JULIE HALLIGAN: We do not determine the specific frequency. That would be based on the state's allocation of resources and priorities and

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risks.

One thing that was mentioned was that there are a variety of different types of inspections. Integrity management is one of many.

So in a state where you have a lot of construction, you might be doing more construction. It varies.

RAVI CHHATRE: And again, for the clarity of all the -- all the witnesses, I'm not going to specify, but all my questions are directed to the many directors of integrity management audits.

So if I don't mention it, just remember, it is for integrity management.

Now, how do you... to what extent do you review the findings of the state auditors?

LINDA DAUGHERTY: We review them at a very high level. State and federal inspection results are loaded into a database, and so we look at those results for allocating them into buckets so we can do some trend analysis to analyze the type of thing I just reported, that risk

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assessment is an area of more work.
So we do some aggregate. It's not detailed review at the state level, except during our annual reviews. We may go into it in more depth.
RAVI CHHATRE: Thank you.
Mr. Metro, can you very briefly discuss the purpose of the National Association of Pipeline Safety Representatives?
PAUL METRO: Yes. The purpose of the National Association of Pipeline Safety Representatives, sometimes referred to as NAPSR, is to have a group. We represent all the lower 48 states, the District of Columbia, and Puerto Rico.
Our purpose, our mission, is to provide information on pipeline safety to represent the states on pipeline safety issues with PHMSA, and basically to promote pipeline safety throughout the country.
RAVI CHHATRE: As the chairman described in the opening statement, there was a rash of accidents this last year, both in liquid and

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natural gas.
Does -- what are the NAPSR's views in terms of management regulation? Does NAPSR believe that this should be more prescriptive than performance-based?
PAUL METRO: NAPSR's position on whether the performance-based approach is working is that we need to see some studies that PHMSA needs to prepare from the data that they are collecting.
IMP has been in the works for about nine years, and we haven't seen any studies as to whether performance-based measures are working or if we need more prescriptive regulations, maybe in some areas.
We need to see that study; we need to start mining the data that we're gathering for IMP, and take a look at that.
Maybe we need to make some adjustments. We believe as a group, the NAPSR group, that the IMP document, the IMP regulations, need to be a breathing, dynamic, adaptable set of regulations, and we need to make some changes to make that

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happen.
RAVI CHHATRE: My time is almost up. I'll ask you a last question. Does NAPSR believe that you have time to conduct a study?
PAUL METRO: Yes, I believe we have time. We need to do it now, though. We need to gather the data and start investigating where we need to make changes. We need to make changes.
RAVI CHHATRE: I'll pass it on to Mr. Bob Trainor.
MR. TRAINOR: Mr. Clark, you indicated you're not specifically involved in the assessment of the integrity management program.
Did I understand you correctly on that? Is.
What exactly -- what functions do you fulfill within CPUC? I just want to make sure that the questions I ask you are appropriate.
RICHARD CLARK: Sure. Again, my job is to influence and implement the policies of the commission. So I interact with the executive director, the chief counsel, the chief

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administrative law judge and the commissioners in terms of influencing policy.
In terms of implementing policy, my job is to -- to guide the organization in the direction of the vision and the culture that we have developed for the organization.
With respect to the integrity management program itself, I rely upon my deputy director and program manager to -- to take care of the details of that, and to report to me any issues that they have with regard to the implementation or the findings that we're finding in that program.
MR. TRAINOR: And if your staff did come to you with some kind of report of issues, what would your role be then?
RICHARD CLARK: My role would be to go to the executive director and to the commissioners and to other folks, and to try to change the policy, or to -- to institute either rule-making or an enforcement action. I have the enforcement staff within the commission, also.
MR. TRAINOR: Does the commission

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receive any federal funding?
RICHARD CLARK: It does, yes.
MR. TRAINOR: Are you involved with that process?
RICHARD CLARK: I review the documentation of the -- of the audits that are done each year by PHMSA and sign off on them, and kick them up to the executive director.
MR. TRAINOR: Are there any conditions on the funding with respect to the commission's performance or their own self-evaluation?
RICHARD CLARK: Certainly. There are numerous categories of performance that PHMSA looks for with us, one of which is our staffing levels. The other is the number of inspections that we're doing. And I'm sorry, I can't recall all of them at this point.
MR. TRAINOR: And I assume the funding is determined by how well you do? Or how much you need to improve?
RICHARD CLARK: It's how well we do.
MR. TRAINOR: Okay. And how has the

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commission fared in recent years?
RICHARD CLARK: Well, for the last four or five years, we have received -- 100 percent, I believe, is our score.
MR. TRAINOR: One of the things that we wanted to explore with the commission was, we know that it has multiple responsibilities, one of which is rate-setting for utilities within the state, including natural gas operations.
And secondly, the pipeline safety program for state operators.
How -- how many people are employed by the commission?
RICHARD CLARK: The commission has about a thousand employees.
MR. TRAINOR: And what number or percentage of these employees would be dedicated to the pipeline safety program?
RICHARD CLARK: All told, currently we have 13 inspectors, two supervisors. So that's 15 -- probably 20 PYs directly -- PYs being "personnel years" -- about 20 PYs directly

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involved, and then there would be involvement across the commission in terms of administrative law judges and attorneys for enforcement actions and rule-makings and commissioners and commission staff.
So -- I'm sorry. I'm not including the folks in the Division of Ratepayer Advocates. I'm also not including the folks in the energy commission who work on gas.
So I'm going to say somewhere around 35 people, maybe. 30, 35 people.
MR. TRAINOR: The -- let's try to put a box around the pipeline safety division.
The enforcement and oversight of pipeline safety programs, would that be just the 13 inspectors and two supervisors?
RICHARD CLARK: Two supervisors, program project supervisor, and a half of a program manager, a third of a -- of a deputy director.
MR. TRAINOR: Okay. So -- are we dealing with 15, 20 people?
RICHARD CLARK: About 20 people, I would

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say.
MR. TRAINOR: Okay. Now, what percentage of the funding for the commission is directed to the pipeline safety program, enforcement program?
RICHARD CLARK: I don't -- I don't know the answer to that. All of the federal funding that we get is definitely dedicated to the pipeline safety program.
MR. TRAINOR: Would you confirm that number for us, please?
RICHARD CLARK: Certainly.
(Perusing laptop)
MR. TRAINOR: I would like to explore with you for a minute how the rate-setting responsibilities of the commission work with the pipeline safety responsibilities of the commission.
On the surface, there would appear to be some inherent conflicts there.
Would you expound on that, please?
RICHARD CLARK: Inherent conflicts? I'm

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not sure what you mean.
MR. TRAINOR: Well, for example, would a pipeline operator approach the commission for a rate increase in order to fund a capital improvement project?
RICHARD CLARK: The -- Ms. Halligan is much more of an expert in this regard than I am. But generally speaking, the utilities come together -- come forward to the commission in a gas accord case, or in a general rate case, and they ask for a certain amount of money with regard to their gas operations.
And the commission approves it or denies it or modifies the request issues and decision on it, and the expenditures are then not tracked.
MR. TRAINOR: All right. Well, maybe I should redirect that question to Ms. Halligan, then.
JULIE HALLIGAN: And what was your question?
MR. TRAINOR: Your mic, please?
JULIE HALLIGAN: Your question again?

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RICHARD CLARK: It's on.
JULIE HALLIGAN: I'll try again. Can you hear me now?
MR. TRAINOR: Yes. The question was, the rate-setting responsibilities of the commission, at least on the surface, seem at odds with the pipeline safety responsibilities.
The commission, on the one hand, I think, I would guess that there's pressure to keep rates as low as possible because of consumer or public desire for low energy.
And on the other hand, there's got to be enough money to fund the pipeline safety program.
So if the commission is the sole body with those responsibilities, how do you resolve any conflicts between those two needs?
JULIE HALLIGAN: Well, when the -- when the operators come in and file for their gas revenue requirement and rates, there are several intervenors that -- those cases are assigned to an administrative law judge, and other parties can intervene.

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One of the intervenors is the commission's Division of Ratepayer Advocates, and their primary responsibility is to make sure that rates are just and reasonable, and to look closely at the utilities application for revenues and rates, to review that.
The Utilities Safety and Reliability branch, we don't participate directly in the rate cases. We'll provide advisory support to the ALJ or to the energy division that's reviewing the rate case.
We'll also provide technical support to the Division of Ratepayer Advocates. If they're reviewing a particular part of a utilities application that has to do with maintenance, operation and expenditures, or capital projects, and they want to know what we think of it or whether it's reasonable, staff from DRA has periodically in the past come to the utilities safety group to ask for an opinion on what we think of particular -- particular projects.
But in general, there are any number of

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intervenors that can participate in the utilities rate case.
CPSD isn't usually -- isn't one.
MR. TRAINOR: Excuse me for a moment. Your acronyms, you're going to have to explain them for me.
What's DRA?
JULIE HALLIGAN: DRA is the commission's Division of Ratepayer Advocates.
MR. TRAINOR: And the second acronym --
JULIE HALLIGAN: Consumer Protection and Safety Division. I'm sorry. I refer to them as CPSD.
MR. TRAINOR: Okay. Have you ever had an instance where an operator has come to the commission for a rate increase for the sole purpose of improving the integrity or the condition of the system, and was denied a rate increase?
JULIE HALLIGAN: Well, when the -- when the operators come to the commission for a rate increase, they're either coming on the -- for the

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distribution revenues, they're going into a general rate case application.

For the transmission costs, they file those currently as part of a gas transmission and storage application. Those applications cover backbone transmission, local transmission, storage operation, and customer access charges for those -- for those groups.

So when the utilities file rate cases -- or for those costs, they're covering all the costs to provide those services to their customers. They're forecasting the rates for all of those areas, and --

MR. TRAINOR: Okay. Sorry. My time's running out, and I have one question to ask Mr. Metro.

It sounds like a very involved process. Perhaps the commission could provide us with a more detailed explanation as to how the setting of rates is done in the context --

JULIE HALLIGAN: We'd be happy to. The point I was going to make is that there are a lot

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of costs that are covered in that one application, and safety reliability projects, those type of projects, are only one part of a much broader application.

MR. TRAINOR: I'd like to address the last question to Mr. Metro.

Mr. Metro, do you see these types of problems occurring in other state utility commissions in the country?

PAUL METRO: Specifically what type of problems are you talking --

MR. TRAINOR: Well, the rate-setting responsibilities conflicting with pipeline safety programs.

PAUL METRO: There has been a tremendous pressure across the nation to keep rates low. And I can specifically speak to Pennsylvania, that we went through a restructuring process in the year 2000, and essentially came out of the gas restructuring process with rate freezes for anywhere from seven to ten years.

And during those rate freezes, there was

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a lot of pressure on the gas utilities to save whatever revenues they could, and at times, pipeline replacement was one of the areas in which they decreased.

MR. TRAINOR: Okay. So there is a little bit of a -- a conflict there, at least from your experience?

PAUL METRO: Yes.

MR. TRAINOR: I wish we could have more time to explore this further, but we do have other topics we want to address.

So I'm going to give this back to Mr. Nicholson.

MR. NICHOLSON: I want to talk a little bit about the MAOP grandfather clause. I'll start with you, Mr. Clark.

I'm curious: Does the CPUC trend what percent of intrastate natural gas transmission lanes have maximum allowable operating pressures established without conducting a hydro test?

RICHARD CLARK: We have not in the past. We certainly are now.

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MR. NICHOLSON: Right. So there were no trends up till this point.

And I'll ask Mr. Metro as well if NAPSR has a position on non-hydro tested pre-1970 pipeline and what kind of risk you think those might pose?

PAUL METRO: Yes, we do have a position on that.

After lengthy discussion with the NAPSR group, part of the issue with the pre-1971 pipes, especially the pipes that are non-hydro test-capable, is the lack of information that we have on those, lack of records, the -- and even when we have records, if we can trust the findings that we find with the records.

So we would look at it and say, this is an area in which we would like PHMSA to review, and take a look at reducing the MAOP for lines pre-1971 that cannot be hydro tested and that the records are suspect.

So we would look at a 20 percent reduction at the MAOP level.

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MR. NICHOLSON: You say that's been communicated to PHMSA?
PAUL METRO: Not yet. We're working on that.
MR. NICHOLSON: You know where my next question was going to go.
(LAUGHTER)
MR. NICHOLSON: And in fact, it is going there.
We do have an exhibit. It's 2CT, RT, and it shows that 60 percent of the nation's national gas transmission lines were installed prior to 1970. And I'll ask a similar question to you that I asked CPUC: Does PHMSA track what percent of this pre-1970 pipeline had an MAOP established under 192.619.83?
LINDA DAUGHERTY: No, it does not. That's something we may revisit.
MR. NICHOLSON: Mr. Metro, when do you expect to get back to PHMSA with that information?
PAUL METRO: We'll speak to them in the near future about it.

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JULIE HALLIGAN: Would it be possible to get a copy of anything you provide to them?
MR. NICHOLSON: Yes. Ms. Daugherty, yesterday, there was discussion from PG&E's integrity management team suggesting that during panel 2 that they might have a pre-1961 DSAW weld problem on line 132.
And I just wondered, that was the first time I heard of anything like that.
Is PHMSA ignoring this, or is this a matter that PHMSA is going to take up?
LINDA DAUGHERTY: Definitely, any seam issue is definitely of concern for us. And when we find information that could tell us that there's a problem out there that could be systematic or widespread, we're going to research it and see if -- if we have data to support it.
We also -- I mentioned a risk management -- a risk assessment workshop. We are also having a workshop on seam issues to explore that very issue and find out what is out there and what we need to learn more, and then we'll take some action.
MR. NICHOLSON: When is that workshop?
LINDA DAUGHERTY: Right now, I believe it's targeted for July.
MR. NICHOLSON: Has CPUC seen any data that there was a seam issue?
LINDA DAUGHERTY: On DSAW, I'm not aware of any.
MR. NICHOLSON: Mr. Clark, I'll ask you the same question: The DSAW issue that was mentioned yesterday, is that something that CPUC feels needs further research?
RICHARD CLARK: Yes, it is.
MR. NICHOLSON: And has CPUC seen any evidence of that sort of problem in the past on other lines?
RICHARD CLARK: We have not -- not that I know of, that we've seen any issues with regard to DSAW pipe. However, one of our first actions following the incident was to have all the utilities find -- locate all of the 30-inch DSAW pipe that they had in their systems that had not

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been hydro tested, and reduce the pressure by 20 percent.
MR. NICHOLSON: Now, Mr. Lee, I'll ask you also. Yesterday, there was an explanation by PG&E's integrity management team regarding the practice of running their MAOP -- or running up to MAOP every five years. I think that was the frequency.
Can you tell me: Was that explanation accurate as to why they did that? Did you hear that discussion?
DENNIS LEE: Yes, I did.
MR. NICHOLSON: Was that accurate?
DENNIS LEE: Yeah, that was accurate, what they were saying. Yes.
MR. NICHOLSON: It sounded to me as if by not running it -- their line up to MAOP, that they would suffer a decreased operating pressure every five years? Was that -- how I understood that, is that correct?
DENNIS LEE: Yes, if it goes -- if they bring the pressure up every five years to that --

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let's say, for example, they have a maximum operating pressure of 300 and they have an MAOP on that line at 375, and in the five years preceding the NACA, the preceding five years, if they don't get up to the 375 value, then they -- if they do -- let's say in the last five years, the highest pressure that they ran on that line was 300, and they've been operating at 250 for the rest of the -- the next few years.

And if that pressure goes above the 300 pressure, then they'll have to do some sort of assessment if it meets 192.917 --

MR. NICHOLSON: So by running up to their MAOP, they're not having to do that type of assessment?

DENNIS LEE: If they don't go above -- because they just reset their pressure at the highest point again.

MR. NICHOLSON: Now, we're speaking of 192.917?

DENNIS LEE: 917, yes.

MR. NICHOLSON: Okay. And I think 917

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talks about designer manufacturing threats; is that correct?

DENNIS LEE: Yes. And also the ERW.

MR. NICHOLSON: And ERW.

Mr. Clark, you had something to add?

RICHARD CLARK: Yes, Mr. Nicholson. Thank you very much.

I want to stress that that's PG&E's interpretation of that statute. They did not come to us and ask us our opinion about that.

So we're not in accord with that interpretation.

CHAIRMAN HERSMAN: What is your interpretation?

MR. NICHOLSON: Can you explain the differences in opinion between yourself and PG&E -- oh, I'm sorry.

RICHARD CLARK: Well, our interpretation is essentially that -- that the five-year -- that the five-year period started at the time that the HC -- the high consequence area was -- was designated.

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But having said that, the -- artificially raising the pressure in a pipe that has identified integrity seam issues seems to be a wrongheaded approach to safety.

As to whether or not it would cause stresses on the pipe that would result in a fracture of the pipe, raising it incrementally once every five years, it's a matter for metallurgists to decide.

MR. NICHOLSON: I'll ask Spencer to weigh in on this, too.

Ms. Daugherty, can you speak to that?

LINDA DAUGHERTY: I can respond, or perhaps Zach.

ZACH BARRETT: 619 sets the maximum level of operating pressure, and there's nothing in the operations that prevents the company from raising the pressure up to the maximum allowable operating pressure every five years.

The integrity management rule under 917 just sets triggers for when the seams would be considered unstable, and it would trigger

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assessment through the integrity management plan.

So the -- raising the pressure to the five -- the five-year high MOP is about setting that trigger that, if you go over that, that triggers assessments for any seams on that pipeline that have not been pressure-tested.

If there's been a pressure test on the seams, be it DSAW seams or be it ERW seams, we consider those stable.

If there's a pipe that has not had a pressure test, then those seams, if you exceed the high five-year prior to the identification of the HCA pressure, then that makes those seams unstable and you have to assess those seams, either by pressure test or by inline inspection tool, depending on which would be the best technology to address those seams at the time.

MR. NICHOLSON: So again, by running up to MAOP, they don't have to assess those threats? If they run their line up to that highest pressure every five years, they're sure they'll never exceed that --

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ZACH BARRETT: If that was the highest pressure they saw in the five years prior to the identification of the HCA, that would be correct.

MR. NICHOLSON: Continuing with yesterday's discussions, Ms. Daugherty, PG&E management team mentioned some jointers that may have made up the short section of pups in the 1956 line 132 relocation.

I was just wondering, does PHMSA have a concern over jointers or the use of jointers?

LINDA DAUGHERTY: I am not aware of any data that we have on jointers. I think that's an area that we do need to do some further exploration.

It has not come up before, to my knowledge, so we'll need to find out if it indeed is an issue and how it can be identified and addressed.

MR. NICHOLSON: Mr. Clark, do you have anything to add?

RICHARD CLARK: No. Thank you.

MR. NICHOLSON: Mr. Barrett, going back

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to the five-year MAOP or the five-year pressure increase, can you tell me how long the pressure has to be held?

ZACH BARRETT: The regulation doesn't specify a timeframe for holding the pressure. It just says the operating pressure experienced in the previous five years of the identification of the HCA.

MR. NICHOLSON: Ms. Daugherty, does PHMSA track number of miles of pipeline that are capable of being pigged?

LINDA DAUGHERTY: We have some information for that. I'm trying to recall whether it is submitted. I don't think we have any specific data. We have more voluntary submitted information, and I don't know what those numbers are. I suspect that's your next question.

I can check and see what information we have available and supply it to you later, for the record.

MR. NICHOLSON: Is that a concern of PHMSA, how many miles of pipe cannot be inspected

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internally?

LINDA DAUGHERTY: You know, I think that, yes, we would like to do that. I think we would like to acknowledge that there are various ways that pipelines can be assessed: Hydrostatic testing, internal inspection.

There are different risks, and different tools and assessment methods may best suit the type of threats and risks.

But definitely, we would like to see more lines piggable.

MR. NICHOLSON: And you mentioned pressure tests as one of those options.

Can you tell us the rationale behind the PHMSA requirement for pressure and duration under hydro tests versus what is called the grandfather clause, which essentially requires no pressure testing of the line?

LINDA DAUGHERTY: In general. I can tell you that when the rules were promulgated back in 1968 and 1970 -- well, let me back up for a second.

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If you look at pipe miles statistics, you'll note that about 50 percent or so of pipelines were constructed post-war, in the 1950s and 1960s.

So when the regulations -- the federal pipeline safety regulations were developed in 1968 and 1970, those lines were fairly new.

And so when they looked at whether they would require operators to have those records before they can use -- you know, where they could rely on those records to establish MAOP, or whether they had to go out and hydrostatically test, they were looking at -- most disregard newer lines.

So I think at that time, the decision was made to accept the five-year interval prior to the implementation of the rule, rather than requiring fairly new lines to be hydrostatically tested.

MR. NICHOLSON: And does PHMSA have a position as to whether this is a valid practice that should still be allowed?

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LINDA DAUGHERTY: We believe it's a very good question. We are now a ways down the road, and we need to revisit whether the grandfather clause is still appropriate, or whether additional means need to be taken.

MR. NICHOLSON: And Mr. Clark, I'll ask you: General order 112 came out in 1961. Did that require a hydro test of lines?

RICHARD CLARK: Yes, it did.

MR. NICHOLSON: With that, I'll conclude and pass this on to Mr. Trainor. Thank you.

MR. TRAINOR: Good afternoon, everyone.

Mr. Lee, I'd like to go back to a question posed to you at the beginning of the panel.

You were describing for Mr. Nicholson how CPUC conducted its integrity management audits -- pardon me -- and you mentioned the PHMSA protocol, and checking -- going through checklists, files and records.

And you also commented that you reviewed program procedures. And that's what I'd like you

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to expound upon.

How do you exactly review program procedures? Do you simply look at the written procedure? Do you make an effort to see them in action, or something else? Would you explain, please?

DENNIS LEE: Oh, we look at -- basically, what's provided is a matrix that PG&E would provide to us, or any utility company would provide to us.

This matrix would include the protocol in one column, and then the next column would include where in the procedures that they meet this protocol.

And so we go through their procedures to make sure everything that's written in their procedures are what's in the protocol.

And we look at the procedures, and then after that, we look at project files to make sure that they are following those procedures.

MR. TRAINOR: Okay. I guess I still am concerned that reviewing records and files and

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protocols is -- whether that's going to give you the entire picture.

Do you talk to employees about the implementation of these protocols?

Do you talk to managers about their review and assessment process of these protocols?

DENNIS LEE: Oh, yes. We interview the folks that are in charge of certain parts of their plans.

MR. TRAINOR: And are these -- the requirement to do interviews and this type of thing, are those specified in the PHMSA protocols for conducting an audit?

DENNIS LEE: No, it's not in the plan, but for them to tell us what's in the procedure, they can clearly explain who's in charge of the plan, who does the revisions, where records are at.

MR. TRAINOR: Do you ask -- interview people, question them about how they execute these protocols?

DENNIS LEE: Oh, yes. Oh, yes.

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MR. TRAINOR: I've got a lot of ground to cover here. I'd really like to spend more time on it, but we are limited.

You'd also mentioned problems with the 2010 audit involving a third party contractor, and you said there were concerns about that -- using that contract.

Could you be more specific? What were your specific concerns?

DENNIS LEE: Oh. Basically, PG&E hired a third party contractor in 2007 to look over their ILI, or inline inspection process, and the program, and look at their ECDA process and program.

And the third party consultant found some deficiencies, either in their plans or the way they ran their process.

And we didn't have a -- the CPUC, we didn't have a clear picture of when they actually implemented these deficiencies that were found by the third party contractor.

MR. TRAINOR: Can you identify the

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specific deficiencies they noted?
DENNIS LEE: Basically, it's strengthening their procedures, including certain things that should have been in the procedures. I don't recall exactly what it was.
MR. TRAINOR: All right. We may ask the commission to send us any correspondence that relates to that audit.
DENNIS LEE: Sure. I can send you to -- two internal audits that were conducted.
MR. TRAINOR: Ms. Halligan, you had -- you talked about the frequency of conducting audits on transmission pipeline systems, and you stated that you'd like to do them more frequently, but haven't been able to.
Would you explain that remark, please?
JULIE HALLIGAN: Well, certainly since the incident in San Bruno, we'd like to audit the program much more frequently. Every year, if we could.
As you know, we did an initial audit along with PHMSA in 2005, and then we got back to

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PG&E's integrity management program in 2010. Those are the only two we've done.
We haven't yet concluded our 2010 audit, in the sense that we've given PG&E our findings, but because of the intervening situation in San Bruno and this investigation, we haven't yet been able to dedicate staff to working with PG&E to resolve those findings to our satisfaction.
So, while we'd like to be able to do more audits, we haven't been able to.
MR. TRAINOR: Are there any discrepancies from previous audits that are more than two years old that remain outstanding?
JULIE HALLIGAN: Not that I'm aware of.
MR. TRAINOR: Are there --
JULIE HALLIGAN: No, we typically -- you know, the staff works very hard when they do an audit to -- to close out any findings, and make sure that any violations, in particular, are resolved before they close out that audit.
MR. TRAINOR: Okay.
Mr. Barrett, your work at PHMSA involves

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dealing with state programs.
Would you explain the process that PHMSA has, whatever process you have, towards evaluating the effectiveness of state programs? Would you run through that process for us?
ZACH BARRETT: Sure. Can you hear me now?
Yeah, thanks.
We have an evaluation form, evaluation program that we have developed through the years from working with stakeholders, such as the PHMSA, through the years. There's a ground location committee that helps populate the questions on what a pipeline safety -- a good pipeline -- state pipeline safety program, or a pipeline safety program, should have.
We also -- they're -- on that evaluation form, there's actually four recommendations from NTSB dealing with cast iron and dealing with emergency response.
So we take into consideration from all of our stakeholders what -- what should be in that

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form.
Annually, my staff goes out to each state and does an onsite -- an evaluation, running through that form to check inspection procedures, inspector training, investigation procedures, damage prevention efforts.
Their alignment with PHMSA's inspection programs and initiatives, enforcement -- call upon enforcement issues and actions.
And also, they do an onsite field investigation, where they actually go out with a pipeline safety inspector and review that pipeline safety inspector performing a portion of an audit of a pipeline -- of the pipeline during that -- during their program evaluation.
We also review information that's provided to us by states dealing with their safety authority, the amount of jurisdiction they have, the amount of recommended person days that they are able to accomplish during inspections.
Their ability to adopt our pipeline safety regulations, and several other factors that

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we -- we include in that scoring, based on that score and the availability of the funding that we have, we basically distribute the pipeline safety grant to states, you know, based on those scores and those performance evaluations of how well that they're doing.

MR. TRAINOR: Okay. And I believe the PUC responded that their -- they received scores of 100 from PHMSA in past years?

ZACH BARRETT: I think Rich was responding to the score evaluation, the score. I think they were 99.5 in the last evaluation that we did in '99 and the year before. In prior years, they were at 100. The certification piece is tied in with the score, so there's a combined score.

They don't have full jurisdiction authority over municipals, some master meters, some private operators, so they lose points for that.

Also, their inspection person years have not met the minimum recommended standard for a

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year or so, and so they've lost points for that also.

So I believe their combined score is somewhere around 90 in that.

MR. TRAINOR: And how does that compare to other state programs? Is it better than average? Below average?

ZACH BARRETT: It's -- you know, I would say that the California PUC has a good inspection program; they have good, qualified engineers that are capable of doing inspections and investigations.

You know, with most programs -- where they're taking the hits is because of the jurisdictional status. They -- the legislation hasn't given them authority over all pipelines that are there, and for not -- also putting them -- that's putting them below average in that 90 score -- their total aggregate score. But that's reflective of not being able to get legislation.

MR. TRAINOR: All right. What was their

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total aggregate score?

ZACH BARRETT: I believe it's 90.

MR. TRAINOR: And what was the maximum total aggregate score?

ZACH BARRETT: 100.

MR. TRAINOR: 100.

Your assessment of the commission's program, is that just the -- for the authority delegated to them to enforce federal pipeline safety standards, for distribution systems, for example?

Does it -- does your assessment cover interstate pipeline systems, their program for intrastate pipeline systems?

ZACH BARRETT: Interstate pipeline systems?

MR. TRAINOR: Intra.

ZACH BARRETT: Yes, sir, our program reviews their inspection and enforcement over intrastate pipelines, which are included in distribution systems often.

MR. TRAINOR: Okay. Thank you.

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Going back to the scoring system again, what's been the lowest score ever given to any state program?

ZACH BARRETT: I'd have to do some research for you on that and get back to that. I'm not sure.

MR. TRAINOR: Would it be below 50, for example? Or above that?

ZACH BARRETT: I haven't seen anything below 50.

MR. TRAINOR: Okay.

ZACH BARRETT: To kind of expand on that, we've been evaluating states for pipeline safety since 1971, so we've been trying to -- obviously, you know, our goal is to get states to score as high as possible, because that means that they're meeting -- they're aligning their programs with ours, and they're meeting the mandates that are out there.

So most pipeline safety scores are in the high 90s.

MR. TRAINOR: What challenges do you see

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as -- in your position facing the State Utilities Commission in terms of their being able to develop and implement effective pipeline safety programs?

ZACH BARRETT: I think resources are always an issue, especially with the economic conditions that we're dealing with right now.

You know, many states have had to undergo furloughs, state inspectors. Some states are having trouble holding onto their staff, their current staff.

We suspended a management of effort clause that allowed us to give states more pipeline safety funding to help shore up states, hopefully to -- that governments would recognize that these are positions that we're paying for through the grant, and that they would not furlough those employees or keep those furlough employees, you know, on the clock.

So I believe that's a challenge.

Also, in some of our states where they're -- where they're producing states, where the industry is doing well and where our engineers

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are getting up to speed, and they have, you know, good backgrounds and good talents, that the industry is robbing, basically -- cultivating that good talent to go to work for them, because their salaries are higher. So that's also a challenge, I think, to hold good state pipeline safety employees that are well-trained, that have experience, years of experience.

I think those are two of the main challenges that -- that we face.

Obviously, we're continuing to learn. We're continuing to try to improve state programs. Feedback from sessions like this will help us go back and take things to -- to look at for an evaluation form.

MR. TRAINOR: Mr. Metro, I would ask you the same question: What are the greatest challenges, in your mind, facing the state Public Utility Commissions?

PAUL METRO: I would echo Mr. -- I would echo -- (Adjusting microphone)

PAUL METRO: I would echo Mr. Barrett's

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comments about the state programs, that funding is a -- is a considerable concern for the states.

Consistent funding over the years is a problem, because each state has had economic downturns. The funding levels have been -- have been, over the last five years, anywhere from 40 percent to 64 percent. It's hard for state programs to budget and go out and say, Okay, over the next three years I know I'm going to get a certain amount of grant from PHMSA; I'm going to be able to go out and hire two or three additional engineers.

Because the funding levels are bouncing up and down, it's very difficult for the states to plan how they're going to spend this money in the long run.

So that's a -- a difficulty that the states are looking at.

MR. TRAINOR: Mr. Clark, I would ask you that same question relative to the conditions in California.

What are your greatest challenges with

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respect to your pipeline state program?

RICHARD CLARK: Again, resources. It's a resource issue in an industry that's -- whose -- whose history has been relatively safe. Very safe, actually.

And to be able to convince folks that -- in competition for positions across state government, at this point in time and in the past, in terms of economic conditions, that -- that folks are suffering, that it's, you know, important to have inspectors be sure that the utilities know what's in the ground and look very deeply and broadly at what it is that they're doing with their systems, when those systems are first buried under the ground, so no one sees them; they don't even know that they're running through the neighborhoods.

And number two, they have a very high safety record.

It's very difficult to convince folks that we need resources sometimes.

MR. TRAINOR: In light of this

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environment -- I mean, we're -- states as well as the federal government are all in a very severe budget predicament, obviously.

I would pose the question to Mr. Metro, Mr. Barrett, Ms. Daugherty and Mr. Clark again: What types of things could operators and regulators do to make the best of the situation?

And I'll give you one example.

Accepting the fact that increased funding is probably a remote possibility, are you examining more effective uses of your resources?

And if you are, explain how that might be done.

Mr. Metro?

PAUL METRO: Yes. In Pennsylvania, about five years ago we realized that we were going to have funding issues and we didn't have the resources that we needed to do the job the way we wanted to do it. So we implemented a risk assessment program.

But we went out and mined our data that we had and said, okay, where can we put the

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resources that's going to give us the biggest bang for the buck and reduce reportable incidents, reduce non-compliance?

And we implemented that, and we've seen some very good results of that. We've seen the number of reportable incidents decrease; we've seen the number of number of non-compliance issues initially increase and some have decreased, and that number's gone back and forth.

But we believe that the risk assessment program for inspections is the way to go at this point.

ZACH BARRETT: I would agree with Mr. Metro. In our evaluation form, we've been trying to drive states towards risk assessment of their -- their operators to inspect.

We're also working to share data better amongst ourselves in the states, and to learn more from the data that we have.

As Paul said, we're trying to, you know, run the data to try to look for trends, look for information, and to be helpful to target

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inspection efforts.

LINDA DAUGHERTY: I would agree with everything that's been said.

I would also mention -- I was surprised it didn't come up when we were talking about constraints and challenges. We have rolled out an incredible number of new regulations over the last decade. Control room management, distribution integrity management. We have operator qualifications.

States with small staffs have to absorb these new regulations, so it takes an intense amount of training. So it's a burden. So bringing all the states up to speed is also a challenge.

One of the ways that we are trying to mitigate that is to leverage each other's resources and skills.

You had asked, you know, ways we can overcome, without more money, funding the states. Without growing those programs, how can we achieve good safety results?

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And one of the ways we can do that is utilizing our data, identifying the highest risks, helping each other out, identifying what we -- what the feds do and inspection of an operator that a state may also have regulatory authority over. Maybe they can use our results.

There are ways that we can enhance and improve safety. But it is a challenge.

MR. TRAINOR: Has any of that work commenced at this point?

LINDA DAUGHERTY: Yes. We recognized we had these issues years ago, and we have made an effort to share information, to improve our information exchange, and we're not there yet. We have a lot of work to do. But we are trying to help each other as partners.

We are -- we serve the public. We work together to protect the public as best as we can, and by helping each other, we reach that goal.

MR. TRAINOR: Thank you.

And Mr. Clark?

RICHARD CLARK: We're taking a

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multifaceted approach.
First of all, we're not giving up on the conversation of what the adequate resources are in order to ensure a higher level of safety in the gas systems. We're having robust discussions across the state in that regard.
But we're also -- we've undertaken a rule-making at the commission, where we're taking a look -- essentially, at the rate-making aspects; we're taking a look at the prescriptive rules; and we're also taking a look at performance-based rate -- a performance-based safety approach, so that we can have a comprehensive system, if you will, that will more adequately ensure a higher level of safety amongst the gas operators in the State of California.
Another aspect of what we're doing is we've undertaken a rule-making to determine whether or not the mobile home parks where we spend a considerable amount of time doing inspections, whether or not those master-metered mobile home parks should be, in fact, absorbed by

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the utilities instead, so that the utilities are -- are responsible for the safety of those systems, rather than each owner of each particular master-metered mobile home park having to have a trained and qualified operator, and -- having to know how the system works, and the whole nine yards.
It is a huge challenge for us, however, to implement the distribution integrity management, the transmission integrity management, and all that sort of thing. But we are taking a comprehensive approach.
We're also -- in terms of sharing data, we have very good information in our databases. The database is built by our engineers, who also do the inspective work. And we're -- we're looking at ways that we can bring that data together to be able to -- to trend going out, looking into the future.
Recently we've begun trending going out into the future so we can more target our investigative inspective efforts.

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MR. TRAINOR: Thank you, Mr. Clark.
We have about five minutes left. I'll give the balance of time back to Mr. Chhatre and Mr. Nicholson.
RAVI CHHATRE: Thanks.
All questions would -- are for Ms. Daugherty and Mr. Lee.
Yesterday PG&E told us that information is not available yet, but it is known that they are taking the, quote/unquote, "most conservative values."
My question to both of you regulators is: Yourself, do you know, what is the most conservative value?
Start with you, Mr. Lee.
DENNIS LEE: So -- can you restate that, please?
RAVI CHHATRE: Yesterday, during the interviews, PG&E told us that on their -- on their sheets, where the information is not available or is unknown, that they used the, quote/unquote, most conservative value.

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And my question is: If the operators don't know what kind of pipe they have on the ground, what is the most conservative value?
DENNIS LEE: Yeah, that -- that was actually before the San Bruno event. It's different now. It's different now. That would change.
RAVI CHHATRE: I don't believe you answered my question, but I'm going to ask Ms. Daugherty.
LINDA DAUGHERTY: In a situation where a pipeline operator does not know what they're dealing with, the general thing that you're going to be concerned with is kind of obvious. If you don't know what you have, you must choose the most conservative value.
Now, having said that, identifying what that actually means would be challenging.
You might look at what available information is out there, what it might likely mean. But as mentioned yesterday, you would need to add in another safety factor.

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There's nothing in the regulations that I am aware of that would specifically state how you would get to that.

We would expect an operator to provide a technical engineering justification on how they arrived at that decision.

So it's not a simple thing of saying, well, we're just going to assume we have this value.

No, you must provide why you arrived at that value.

RAVI CHHATRE: I'm going to stop pursuing, but I will say that I haven't gotten an answer from either of you.

My question is: If someone does not know what they have in the ground --I'll repeat my question again -- what is the most conservative value? And how long can they keep doing that?

LINDA DAUGHERTY: I'm not sure how to answer that question. If someone does not know what they have in the ground, then they have to figure out a way of determining what they have in

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the ground based on good technical engineering justification.

Maybe they dig it up and examine it; maybe they have other information that would allow them to apply a safety factor.

But if you're looking for a value, I can't provide what a minimum value might be.

RAVI CHHATRE: And the regulation states it like that?

LINDA DAUGHERTY: Correct.

RAVI CHHATRE: And how long the regulation of those operators will continue to exist? I mean, the way I look at PG&E line 132, almost three years passed by, and you still have unknown values in several areas.

LINDA DAUGHERTY: On the federal lines, we would expect the operator to provide a technical justification.

I can't speak to seven years or however long. I would say, if there's an unknown, they must be able to justify how they got to it.

RAVI CHHATRE: So if I have a 30-inch

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pipe, and I do not know I have based in them, I do not know I have breaks in them, and I do not know what material I have, to me, the most conservative value is probably the lowest-grade steel.

That comes in -- with the lowest seam factor, that comes in, with all the lowest values. Has that been demonstrated in line 132's case?

DENNIS LEE: No, I don't believe so.

RAVI CHHATRE: That's all for me. Thank you much.

CHAIRMAN HERSMAN: Thank you very much, Mr. Chhatre. We're going to take a 15-minute break and we'll come back at 2:45.

(RECESS TAKEN FROM 2:30 TO 2:47 P.M.)

CHAIRMAN HERSMAN: Please take your seats and we will continue. We'll come down to the fourth witness panel and the city of San Bruno.

CONNIE JACKS: Thank you, Madam Chair. This is directed to PHMSA, whoever is best to answer.

Yesterday a member of the PG&E witness

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panel acknowledged that, in essence, age does matter when it comes to pipelines.

How do you determine that the pipeline operator adequately addressed in its integrity management program characteristics that may be associated with age of a pipeline? And obviously we have a particular interest in the situation that occurred in San Bruno where the age of the pipeline suggested that perhaps the records were not correct, and/or that the inspections programs did not adequately identify the situation.

LINDA DAUGHERTY: You know, when an operator looks at its records, it has the responsibility of assuring that those records are as good as they can be.

When it is conducting its assessment, it has the responsibility of making sure it has the best information possible. And when it makes a decision on the issue of risks and threats, it must assess the situation fully. The whole part of integrity management, the whole philosophy, is to identify the risks and the threats, and to

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assess for them.
And then once you know what you're dealing with, you address those.
You must have good information, and your plan must be based on the best information, the best integration of data that you can get. And you apply good safety factors into that.
When you assess your pipeline, and you find issues, you must repair them. Then you must apply that to the rest of your line.
So -- and it's about learning, taking the information you learn and putting it back into your plan.
You apply mitigative and preventive measures.
One of the big issues we're looking at now is whether operators are doing a good job on this assessment, whether they understand what they have. You asked specifically about age. There are some things we know about age. We do know that pipeline age is not necessarily the only factor to look at. You may have an older pipeline

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that is in very good shape.
But, on the other hand, if there are unknowns, if there is -- there's a type of pipe called a pre-'70 ERW pipe. That we know can be problematic. If you have that pipe, we'd expect you to do some really hard thinking about how you're going to assess that pipe. So you do have to factor that into your integrity management.
CONNIE JACKS: I'm assuming by your answer that PHMSA does look, then, in terms of the audit or the overview -- or rather, the CPUC should be looking for indication in the integrity management program that those issues are adequately addressed.
LINDA DAUGHERTY: Yes. Every operator is expected to thoroughly understand their system. Every pipeline system is unique.
One of the benefits of the integrity management program is that it is not a cookie-cutter regulation. It does not have a one-size-fits-all answer to integrity issues. It says, you must know your pipe and you must assess

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for the threats to that pipe, whether they be very unique or not, and then you must address them.
CONNIE JACKS: Thank you.
Again for the PHMSA panel member best able to answer the question: There was discussion yesterday regarding control room operational procedures and other factors associated with controls and maintenance that may have had an impact, or an effect with regard to this accident.
How do you determine if these -- if the operator's operational procedures -- procedural factors are adequately addressed within an operator's integrity management program?
LINDA DAUGHERTY: Would you please restate that? I got lost.
CONNIE JACKS: How do you determine if operational procedures such as control room operations and/or maintenance procedures are adequately addressed within an operator's integrity management program?
LINDA DAUGHERTY: Would you like to ... we have a control management plan coming out that

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addresses equipment. The integrity management program really looks towards threats to a pipeline. If there was, in other words, problems with the control equipment or something like that, that could come under equipment threat. Under the integrity management plan there was training for issues for that type of thing.
So that's where we would look at it.
CONNIE JACKS: Thank you. This question is for the PUC.
Considering the population density in the area, the intensity of the fire and the length of time that it took to isolate the ruptured section, will the PUC be considering the requirement or encouragement of automatic shutoff valves, remote control valves and/or improved monitoring systems in the pipeline?
RICHARD CLARK: The answer is yes. We've already begun that and we -- the commission ordered out a rule-making on February 24th.
It has two phases to it, a phase A and phase B. And in phase A we talk about the rules

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for construction, especially with respect to remotely controlled valves and automatic shutoff valves.

CONNIE JACKS: Okay. Thank you.

RICHARD CLARK: You're welcome.

CHAIRMAN HERSMAN: PG&E.

KIRK JOHNSON: We have no questions.

CHAIRMAN HERSMAN: IBEW.

DEBBIE MAZZANTI: We have no questions.

CHAIRMAN HERSMAN: PHMSA?

JEFF WIESE: Integrity management. The CPUCs know, and said it's one of many different types of inspections, but I would like to ask you to talk a little bit about the regulatory approach, and why -- I mean, what's the value of that particular approach?

LINDA DAUGHERTY: It is not prescriptive. It is not a cookie-cutter regulation. It requires an understanding of pipeline facilities. It requires a comprehensive assessment of the facility.

It also incorporates the ideas of risk

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management where you apply your greatest resources to your greatest risks. It provides additional protections where the greatest risks are to people, and to the environment. As a performance-based regulation, it requires us -- the regulations are difficult. They're not easy. Sometimes the best solutions are not. It's a lot of work to implement the operators and to be inspected by regulators.

But we believe it is worth the outcome. And we believe our safety trends are showing that it is effective.

JEFF WIESE: For Mr. Barrett, I'd like to ask you to talk a little bit about the development of the gas integrity management oversight process. Your approach, how you prepared, and just describe quickly for us, if you will, what a gas integrity audit might look like, very quickly.

ZACH BARRETT: States' pipeline safety program partners and we developed frequently asked questions, protocols, to run through to develop

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out an implementation plan and program for integrity management.

Integrity management inspections are certainly, as I think our operators would share with you, are not short-lived inspections; they're not a checklist. Their investigative approach to looking at issues and threats and assessments of threats, methodologies that pipeline companies employ to address those threats, there may -- there would be an inspection team that consists maybe of four to five to eight senior inspectors there that are running through a list of protocols, and looking at records, and verifying records, and looking at methodologies, that are applied to the threats, and preventive and mitigative measures and follow-ups.

So they're not -- they're not just a quick checklist approach; they're not just looking at procedures. If they're looking at procedures and the implementation of those procedures, and they actually check the activities in the field on occasion when they have the opportunity -- when

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there's a dig going on or something like that that we can verify what's done there.

So the integrity management program, again, was a joint effort between PHMSA and the state plan safety partners. We have workshops, we include the industry and the FAQs and any of our guidance material that we are pulling together trying to address issues for the implementation of this rule. It's a very extensive integrity rule that we have.

I think it's probably one of the most significant rule-makings that we have at PHMSA.

JEFF WIESE: Great. And thanks. And lastly a question for Mr. Metro.

In terms of -- I'm anticipating, then, your recommendation coming to us shortly. But I would like to just ask, if you would, we've had a long association between the states and PHMSA, federal government. I wonder if you would talk just a little bit about how that plays out during the course of a year.

Next year you get to be the Chairman, if

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you're not already, and maybe you could enlighten us on that.

PAUL METRO: First let me address your first point, in that the National Association of Pipeline Safety Representatives, NAPSR in proposing something to work towards a solution, works through the resolution process through 48 states and we have -- we only meet once a year, and we'll try to accelerate that process, to get resolution to PHMSA addressing the MAOP for grandfathered pipes.

On the communication portion of it, as with all partnerships, there's been rocky periods in which there's been strained relationships.

Over the last five years, the -- both parties, both partners, have worked very hard to develop a very good communication between each other, and worked very hard to meet quite frequently.

For example, we meet with PHMSA in all the regional meetings, of which there are five.

We meet at the annual meeting; we have

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monthly calls with Jeff, with the executive board at NAPSR, and we meet in various ways with Zach and Linda and three different committees that we have. So I think the communication right now is an all-time high and the partnership is as strong as ever.

JEFF WIESE: Thank you. That's all I have.

CHAIRMAN HERSMAN: CPUC.

PAUL CLANON: Thank you. We talked a couple of times and also when -- in the last change about prescriptive rules versus performance-based measures and regulation.

Can you flesh out what those two terms mean? And then I'll have a follow-up.

PAUL METRO: The performance-based measures are measures that we look at. We study and analyze how the utility performs under certain thresholds. Prescriptive measures are more of a checklist of, you must do this, this, this and this.

Now, when we talk in terms of integrity

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management, they are performance-based. And from the NAPSR point of view, we believe that the performance-based measures are working. We need to study whether there's further enhancements that are needed.

But if you look at the number of anomalies that have been protected through performance-based measures, if you look at the number of repairs made to pipeline, there would be a very strong argument that performance-based measures are working.

However, if you look at record-keeping, that might be one area in which we need to -- to get away from performance-based measures and look at prescriptive measures, that you must keep this, this, this and this record.

PAUL CLANON: Thank you. And the same question for Ms. Daugherty. And I wonder whether you agree with that. And in particular, the notion of finding the right balance between prescriptive and performance-based in this area.

LINDA DAUGHERTY: Yes, I agree. I

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believe that Paul stated it very well, that there is a balance.

And we have found that performance-based regulations do have good outcomes, if they are properly applied, and the oversight is strong and effective. There are gaps that we are looking at. There are weaknesses, and we are addressing those. So yes, I thought it was very well said.

I do believe that the record-keeping issue as identified in the advisory, yeah, that's something we need to look at.

PAUL CLANON: Anything else other than record-keeping that pops into the top of your list to balance things a bit towards prescriptive?

LINDA DAUGHERTY: I would have to think about that.

PAUL CLANON: Anyone else on the panel want to suggest anything else?

JULIE HALLIGAN: (Adjusting microphone) Go ahead.

CHAIRMAN HERSMAN: Perhaps prescriptive rules for microphones rather than

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performance-based would be better.
(LAUGHTER)
JULIE HALLIGAN: And of course, in the process I think I've forgotten what I was going to add.
LINDA DAUGHERTY: We were talking about areas where you thought prescriptive might be better than performance-based.
One of the items -- I'll jump in while she's reflecting her thoughts -- one of the items that we do want to have --
PAUL CLANON: We can't hear you, I'm sorry.
JULIE HALLIGAN: She did it.
(LAUGHTER)
LINDA DAUGHERTY: One of the items that we that we need to have more prescriptive requirements is on data reporting.
You know, we collect a lot of data. Are we collecting the right data is the question.
Could we use more? We need to know more about the infrastructure. I'm sure that there

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will be people that say we collect plenty, that we collect too much, and we aren't using what we have.
I believe that that is probably not correct; that we do have data. We need to collect, maybe, different data.
We need to have a better understanding of our infrastructure. The infrastructure is changing, and in order to assess the risks, we need to understand it very well.
JULIE HALLIGAN: Thank you. The one thing that I was going to add is that the rules, whether it is additional prescriptive rules or additional performance rules, is that, I think they need to look more at making sure that there's continuous improvement included within the bowl, and so there's not the opportunity to sit with grandfathered pipes and not make the efforts to make them pick a bowl, or whether they should be replaced. That element of continuous improvement needs to be really strongly included in any performance-based rule.

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And if it needs to be included by adding a few other prescriptive rules, that's one way of doing it, or just make sure that it's strengthened in a performance-based rule.
PAUL CLANON: And, thank you. That's all I have.
CHAIRMAN HERSMAN: Member Sumwalt.
MEMBER SUMWALT: We're talking about integrity management systems in the global sense. Let me focus on the San Bruno event. You mentioned before the break that if someone doesn't know what's in the ground, they need to find out what's in the ground. And that sounds reasonable. And I think one of the things you said was, dig it up and look at it.
In the case of the San Bruno pipe, if they would have dug it up and looked at it, they wouldn't have seen anything abnormal.
Because as I understand it, it was a -- we're looking at an internal seam that was defective.
And so, in this case, your integrity

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management program is only as good as the data in which you populate it with; right?
LINDA DAUGHERTY: That is correct.
MEMBER SUMWALT: So explain to me, bring it down to San Bruno, and explain how -- how -- I mean, like I said, the integrity management program is only as good as the information in it.
So how could a different integrity management system have made any difference in this -- in the outcome of this event?
LINDA DAUGHERTY: That's a good question. It basically goes to what -- how do you know what you don't know? I've heard that stated earlier. And it's a very good question.
With the San Bruno situation, if they had known, and they excavated, perhaps they would have seen the multiple -- we called them pups, or different -- they would have seen that the pipe was constructed somewhat in an unusual manner, and they may have done further research.
To get to the internal scene, it's a very good question. I don't know how you'd do it,

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other than observing the external characteristics of the pipe that might cause you to say, look, this is unusual. It doesn't match what our records say and we need to figure out what we've got here.

So the question is valid.

MEMBER SUMWALT: And thank you. So tomorrow we will be talking about industry-wide technology which may have some of the answers.

Thank you very much for your answer.

CHAIRMAN HERSMAN: Member Weener.

MEMBER WEENER: My background, of course, is not in pipelines; it's in aviation engineering. So, pardon a naive question. And this is probably for Ms. Daugherty:

There's been some references to a notion of bringing the pipeline up to a certain high pressure at least once every five years.

What's the reason for that?

LINDA DAUGHERTY: Under the federal regulations, there is no requirement for an operator to raise the pressure to MAOP to maintain

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that MAOP.

My understanding, in short, is that PG&E may have raised the pressure in order to establish a MOP level such that if a new HCA was identified, they would not have to do a seam assessment.

MEMBER SUMWALT: So in a sense, this is a pressure test.

LINDA DAUGHERTY: I would not consider it a pressure test. A pressure test under the federal regulations has very specific parameters. It requires that you bring the pipe to a certain level of stress, and a certain duration.

MEMBER WEENER: So if this is not a pressure test, it's the aeronautical equivalent to max -- never exceed speed and see if it still stays together?

LINDA DAUGHERTY: I would hope not.

The -- like I said, the pipeline itself is not -- or the operator is not required to pressure the pipe to the MAOP to maintain the MAOP.

For example, I'll use an analogy. If

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the speed limit is 65, you can drive your car at 55, but you may go up to 65. You cannot exceed 65, but you may go up to it.

You are not required to occasionally drive your car to 65 to show that it can go 65.

MEMBER WEENER: Okay. Then the requirement is there just to avoid having to -- to do another test in case you bring -- in case you have the environment around the pipeline changed to a high-consequence area?

Is that what it -- did I understand that right?

LINDA DAUGHERTY: My understanding is that the company chose to raise the pressure to establish the high MOP pressure at MAOP, so that if a new HCA was identified, that it could use that pressure as the MAOP without doing a seam assessment.

The rate -- let me see if I can help.

The regulation says that when a new HCA is identified, you must look back five years to determine the highest MOP that that line segment

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has seen.

If you exceed that -- if you've exceeded that, then you must do a seam assessment. The trigger date is the date of when you identify an HCA.

So, as I understand the materials presented, PG&E said, we may have an HCA identified next year, or two years down the road. Therefore, we want to establish our MOP. We want to bring it up, so that -- to the MAOP level such that that is the benchmark.

CHAIRMAN HERSMAN: Member Rosekind.

MEMBER ROSEKIND: One question I have from the federal perspective, as well as state.

One of the advantages of performance-based programs, of course, is that intrinsically you should be able to measure them. And so Mr. Barrett started talking about 100 percent, and California CBC at 90 percent.

There a report card or other card based on audits of the CPCs you -- I'm working toward what I hope is sort of the state of the country's

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PUCs --
ZACH BARRETT: Sure. We do a scoring document each year based on the jurisdictions, the minimum training and those sort of things with the training. We use the grant score to distribute the funding each year. So yes, we do have scores for each individual state. You'll find that those scores are in the 90s to the high 90s.
MEMBER ROSEKIND: So give us a sense -- and I heard what you just said, but is there an average, standard deviation? Where are these state PUCs, basically, and sort of how we're doing as a country.
ZACH BARRETT: As a country, I'd say we're doing well. Your safety programs are certainly meeting, you know -- the scores I think are primarily from 97 to 100 unless there's some problem with legislation like the PUC is experiencing, where they'll have full safety authority like PHMSA would have over their operators. So we hit them pretty hard for that.
But the -- as the nation goes, our state

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biplane safety programs are dedicated, the folks are -- they take the same training that their federal inspectors take at the station at Oklahoma City in TQ.
They work with us, you know, hand in glove, you know, we try to support them, and any questions or issues or investigations that they have underway.
MEMBER ROSEKIND: So based on that, do you have cutoffs for when somebody's not doing up to --
ZACH BARRETT: The only -- the only states that are not in the biplane safety program are Alaska and Hawaii. Hawaii was in the biplane safety program back in the late '80s and early '90s, and in '95 we decertified that state because of lack of allowing inspections.
We worked with them, and supported their staff. It's a last resort with us. We'd rather help the state and improve the state's program's performance. But in the case where they're not doing inspections and we're not seeing, you know,

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a safety enhancer as a result, we can't -- we have to decertify.
There's a cutoff where you're not certified anymore, so the inflation -- having everybody at 97 percent is an accurate portrayal.
So you have cutoffs, not that you have to be certified, but if there are areas that people aren't performing the state PUCs that's -- because it's not strictly based upon the scores. The scores are indicative of -- if you stop doing inspections and stop doing things, you don't score very well. So we do have a score cutoff.
But we have reports of what our total programs are. And if you do not meet those, we have to decertify a state.
We've only done it, in many, many years, just once. We've been at it since 1971. NTSB recognized earlier in the opening that they accept their investigative reports when they're strapped for -- you know, strapped for a solution to do those kinds of things. So I think that speaks well.

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MEMBER ROSEKIND: There are flags to intervene when needed --
ZACH BARRETT: Yes.
MEMBER ROSEKIND: There was a lively, if not articulate, discussion about prescriptive. One of the challenges with prescriptive is to check the list, sort of, version of rules. And since I've been holding this from the last panel, you know, we're hearing about public awareness and their 12 items of what's effective. And we have an example here of, yeah, we sent out surveys and had 20 people out of 15,000 respond. That's the kind of thing that comes up on a checklist as, oh, we did surveys.
So "performance-based" means having an effective evaluation of whether or not your program works, right? Not just that you send things out.
Are those, again, performance-based qualified on how you evaluate these programs?
LINDA DAUGHERTY: Definitely. We would agree with you that public awareness is

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performance-based regulation. You must be effective. That's the simple answer.

There are many ways that you can be effective. You just have to figure out what those are for your designated audience.

We heard earlier from the panel that they were using a survey technique that it doesn't appear was effective. We would have expected them to identify that as ineffective and to determine what would be more effective. There are many options --

MEMBER ROSEKIND: And since we're out of time and maybe I'll stop on this here. I'll get to the state part.

But in that realm, that's why I was asking about the scorecard, you know. On one hand, it's on your list demonstrating an awareness program. And I think this gets to some concern about the self-assessment part, which is, you know, the way we heard it earlier: We were doing a good job with that survey, doing a bunch of things. When we look at it from another

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perspective, maybe it wasn't.

So their assessment may be different than your taking a look at it and saying it doesn't meet our criteria, and what effect it should be.

LINDA DAUGHERTY: That is part of our job as regulators, to look at what the company is achieving and to make a judgment on whether that in fact does meet the requirements of the regulation, and whether it is having an impact.

Unfortunately, as regulators, sometimes the performance measures and the metrics we use to measure effectiveness are long distance. They look down the road.

So if you were to ask us today to measure the effectiveness of a rule that went into effect a short time before, it would be difficult to do.

MEMBER ROSEKIND: And that -- once again, I'm sorry, but I think -- that's why I say it's not so much the rule part, but performance-based programs give you another avenue

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to quantify those and, in a more short-term basis, determine if they're meeting the objectives that you set.

LINDA DAUGHERTY: That's right.

MEMBER ROSEKIND: Thank you.

CHAIRMAN HERSMAN: Vice Chairman?

VICE CHAIRMAN HART: In the various processes, I'd have the same question for the regulators and overseers. And I would start with the PUC and ask, do you exchange notes with either other regulatory oversight agencies in California or with other utilities commissions in other states regarding what -- what are effective means of oversight, what's not working well and those kinds of things. Because I know in these tough times you're looking at the most efficient way to do it.

Do you exchange ideas with others in order to do that?

RICHARD CLARK: Absolutely. We're very active -- I know mine's not working (Adjusting microphone)

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We're very active with NAPSR, National Association of Pipeline Safety Representatives. We talked with the state fire marshal. We were -- we're very active. We talk with all the different states. Our program manager Mr. Raffy Stepanian, spends a lot of time talking with the other states about what they're experiencing and interfacing with PHMSA also.

VICE CHAIRMAN HART: And do you find that helps you do it better?

RICHARD CLARK: Absolutely.

VICE CHAIRMAN HART: Same question, with PHMSA. Because I see Jeff Wiese with the industry all the time, so I know you're doing that.

But I would ask the same question: Do you exchange notes with other federal regulators and overseers regarding the most effective way, and what's working and what's not working?

LINDA DAUGHERTY: Yes, we do. As a matter of fact, we recently have met with some of our other counterparts.

We met with FDA to look at certain

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portions of our regulations to see if we could benefit from each other the knowledge.
We've looked at enforcement programs.
We've looked at other federal agencies to determine how effective our programs are compared to other agency programs.
We look across the Department of Transportation and see what other methods have used, and how we can learn from them.
I would also say that, in some cases where we have cross-functional jurisdiction alliance -- for example, FERC. FERC inspects L&G facilities. We do as well. I have participated on a joint inspection with FERC to learn from them and to see what they brought to the table and how we could benefit, and what we could share with them that they would benefit by.
VICE CHAIRMAN HART: Are you finding that exchange to be helpful?
LINDA DAUGHERTY: It is useful. I do believe we could benefit probably from doing even more.

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CHAIRMAN HERSMAN: Can we go back to basics a little bit, and how an operator establishes a MAOP and how that's approved?
ZACH BARRETT: Under 619, 102 -- 619 of regulations -- and I try to do this from memory, hopefully, there are four options under 619A that you can -- that you have to have the pipe materials and pipe specs; you have to have a pressure test; you have to have a five-year window. And the fourth option is the most appropriate pressure based on the performance history that you have available.
If you don't have all four of those things, it -- basically you'd have to opt down to 619C, which is the grandfather clause, which is the five-year window from 1965 to 1970.
That also invokes the class location factors that you have to consider in that, so that throws you back up to having to have design factors, to know what your pipe is -- or to, you know, to address an earlier question, you can assume the most restrictive design factors on your

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pipes.
So, if you didn't know what the grade was of your pipe, you could assume 24,000 for the lowest grade that was available. And that's -- you know, the lowest of those is your maximum allowable operating impression.
CHAIRMAN HERSMAN: So, does that indicate that this line for PG&E can't have a higher operating pressure than it did in the '60s? It has to be that low or lower, based on the other factors that are considered here?
ZACH BARRETT: The maximum level operating pressure is locked in -- is it. That's as high as you can go with that, unless you go through an upgrading to increase that maximum allowable operating pressure. And that usually involves a pressure test.
CHAIRMAN HERSMAN: Okay. So their operating pressure is as it has been for some 40-plus years, and it can go no higher unless they do additional measures.
But it can go lower if they identify

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weaknesses or defects or the CPUC requires them to lower it for regulatory reason.
ZACH BARRETT: That's correct.
CHAIRMAN HERSMAN: Okay. So, let's go back to this issue, because you remember earlier we were probing it a little bit, and I just want to follow up, because I think it's important.
It seems to me that CPUC and PHMSA both had kind of a different position than PG&E had on that five-year test with the HCA identification issues. And I want to understand why.
When they did this to establish what the MAOP -- MOP could be for newly-identified HCAs, and we started looking at this, is this something that you had seen before in CPUC?
RICHARD CLARK: No, we've not seen it before.
CHAIRMAN HERSMAN: PHMSA?
LINDA DAUGHERTY: No, we had not seen that before. We definitely had not seen -- it was the first time we heard of operators doing this.
CHAIRMAN HERSMAN: Okay. Mr. Metro,

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maybe if I can ask you, because you have some more -- potentially some other operators: Is this something that other pipeline operators have done traditionally?

Is PG&E, you know, in the -- in the middle of the pack? Or are they an anomaly here?

PAUL METRO: As far as NAPSR is concerned, it's an anomaly. We haven't seen other states report anything similar to this.

CHAIRMAN HERSMAN: Okay.

And going back to hydro testing. And I know I don't have a lot of time here, but I want to talk about the whole issue of doing hydrostatic testing from the regulator perspective.

This is something that obviously was a requirement for new lines back in the early 1970s, so it's been around for a long time. But there are definitely pros and cons associated with hydrostatic testing, and we understand, particularly, on a distribution system like PG&E.

So, can you just give us from, the regulator's perspective, some pros and cons? And

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I know we'll get a little bit more tomorrow with the panel tomorrow.

Please. CPUC and then PHMSA.

RICHARD CLARK: Well, the pros, of course, are that you know beyond the typical operating pressure, the maximum allowable operating pressure of the pipeline, that it's not going to fail.

The downside is the possibility of -- and I'm not a metallurgist by any stretch of the imagination -- but I have discussed it with some folks who are quite expert in this regard.

There's a small possibility that you might create an anomaly in the pipe by raising the pressure as high as -- as you do and not bringing it back down.

Of course, the other part -- the other downside is that the line has to be taken out of service. And that has consequences in terms of being able to deliver gas to people's homes and to hospitals, and that sort of thing, where -- where there's the other -- the other aspect of public

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safety.

And then, the final concern is, as I understand it, is trying to get the water out of the pipe. There's a lot of time and effort spent to keep water from getting into pipes because it creates internal corrosion, and so you want to make sure that you get all of that out of there.

Again, these -- the people who actually operate these systems have much more expertise than I have, but I've talked to a number of people, and I think that those are the sum of the issues that we face.

CHAIRMAN HERSMAN: And PHMSA, do you have anything different to add on that?

LINDA DAUGHERTY: I would suggest that we have found hydrostatic testing to be of great value on the interstate long lines. When we have found defects -- specifically seen defects, we have often ordered operators to conduct hydrostatic testing.

As Richard mentioned, there are pros and cons. Depending on the type of anomaly that you

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have on your line, you may be able to remove defects. But at the same time, if you are not using a specific protocol in how you conduct the testing, you may grow defects till right before their failure stage such that it can create issues.

So hydrostatic testing has definite benefits. But it has definite cons, and you need to consider that. You do not need to eliminate one problem and create another one that you have a harder time detecting.

CHAIRMAN HERSMAN: Okay. And from a regulatory perspective, is there any other alternative to hydrostatic testing to provide confidence in the line?

LINDA DAUGHERTY: Do I go first?

There are various types of assessments you can do, depending on the defect.

They are successful to different degrees. You'll hear tomorrow on the panel some of the challenges that we have, and I think they've come out in some of the discussion.

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Hydrostatic testing -- pressure testing is one of the old forms of destructive testing a pipe. You pressure it such that, if there are any anomalies, they blow out. And there's water coming out, so it's relatively safe. It's destructive.

What that does not tell you is, what is left in the line. So you may have removed all of the harmful anomalies or you may have grown some harmful anomaly that, if you had not pressure tested them, may have been stable.

So there's the balance.

You asked for alternatives. Internal inspection tools. There are certain tools that will detect cracks in seams, but they can only be used under certain circumstances in certain lines.

If you have lines with varying diameters, those tools may not function effectively. So you have to weigh the benefits of each type of assessment and figure out what your overall risk is, and the overall benefit of the tool.

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And I would not -- this may be stretching a little bit, but I think people need to keep in mind, in addition to requalifying pipe through these types of tools, through repair or rehabilitation, there's always an alternative of replacement.

CHAIRMAN HERSMAN: And maybe, unless you want to add something to that, CPUC, I think Ms. Halligan, you were really focused on this comment earlier. And I know your mic hasn't worked for you.

But, have we seen proactive action on any of these alternatives to hydrostatic testing in California?

JULIE HALLIGAN: Well, I think what we've found in PG&E's service territory, at least, is that we haven't seen an aggressive effort to make their pipes piggable, if you will, and we haven't seen a -- a program to take the grandfathered pipe and either make it -- either hydro test it or replace it.

We haven't seen in the integrity

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management program, thus far, any aggressive efforts in those areas.

CHAIRMAN HERSMAN: Okay. So there's definitely pros and cons to all of the tools that are at our disposal.

But do you see cons with just leaving status quo and not doing any of the above?

JULIE HALLIGAN: Yes. Clearly, I mean, the commission is at a point where PG&E needs to reduce pressure on several of its lines. And they're undergoing a MAOP validation effort that you recommended, that we've ordered them to do.

And depending on what the results of that are, we'll be looking at taking additional actions, either requiring pressure testing or requiring a replacement program, or perhaps other methods, but ...

CHAIRMAN HERSMAN: Okay. Thank you very much.

We actually are doing really good. We're ahead of schedule. So I'll turn back to the tech panel for a follow-up round of questions, and

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then we'll go through the parties on the Board of Inquiry.

MR. TRAINOR: I have a question for Ms. Daugherty.

A few minutes ago you mentioned the need for prescriptive data. I think it was in response to Member Rosekind's question.

You mentioned data recording as an example of where more prescriptive methods might be necessary.

My question to you is, you talked about the need for changing our approach to data collection. Are you thinking specifically of data collected by the operator?

Or are you also addressing data collected by the regulator?

LINDA DAUGHERTY: (Adjusting microphone) I think we're good. I would say that we need to look at both areas the -- we found through your investigation, through our own investigation of the various accidents and incidents, that perhaps operators do not have access to the data that they

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should have. That's why we issued the advisory, based on your recommendation. It is an important issue.

If you found a risk assessment based on data, then you need to have the best data available.

Now, having said that, you can't create data that you -- from the past. You can't create records of something you -- that are gone.

Yes?

MR. TRAINOR: I understand. But what I'm trying to get to is, you mentioned that, as a regulator, you need to determine whether the operators are doing a good job.

LINDA DAUGHERTY: Uh-huh.

MR. TRAINOR: And it seems to me that what we've discussed has been looking at what the operators are collecting. And we found through -- earlier today, with the mail-in and the survey, for example, this does not appear to be a very productive effort based on the number of responses we see.

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It seems to me that the regulator can also collect data that would indicate whether the operators are doing an effective job.

LINDA DAUGHERTY: There are two aspects that -- there is the one -- the aspect that the operator collects data that we review during an inspection for very specific programs, perhaps a public awareness program.

The other aspect is PHMSA and our state partners need to have data in order to accurately assess the risks on the national infrastructure, and look at trends.

MR. TRAINOR: Can you give me an example of --

LINDA DAUGHERTY: Yes --

MR. TRAINOR: -- such data?

LINDA DAUGHERTY: Actually, there was one that was brought up. I was asked if we had specific data on the number of miles that had been hydrostatically tested. I said I don't know. I was told later that we don't have that information.

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That might be a piece of information that would be useful. It might help us better assess the nation's infrastructure.

MR. TRAINOR: Thank you.

RAVI CHHATRE: I have a question both of Mr. Clark and Ms. Daugherty.

And this leads us to Mr. Salas's statement yesterday regarding RCV and ASV. And one comment was regarding the technical hurdles using these valves.

Does PG&E or PHMSA have any comments on them? Have they used them successfully or unsuccessfully?

LINDA DAUGHERTY: I would like to comment on that.

I would mention that we have recently issued an ANPRM on our liquid side, and will likely be issuing an ANPRM on the gas side, that asks that very question: Should ASVs or RCVs have a different use? And should the government require those? And should they be installed?

Internal management rules led the way

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with rule-making that said operators should consider those valves in the placement of those to protect ASV. Now, we're coming back to the broader audience and saying, we need to revisit this and determine if we need to require those in a larger setting.

So yes, we believe those are very important.

RICHARD CLARK: At the PG&E, this is very much as I indicated in my answer to the city. This is very much a high priority item for us in our rule-making to consider whether or not we should require the installations of automatic shutoff valves or remotely controlled valves.

As a matter of fact, one of the first issues that we addressed in this regard was to order PG&E to undertake a study of where they might place automatic or remotely controlled valve.

And we did that very early on, soon after the pipeline failure in San Bruno.

RAVI CHHATRE: I guess we are running

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out of time. Will it be okay? (Adjusting microphone) -- CCP and technical problems with these valves that makes the use questionable?

RICHARD CLARK: That's an unknown for us at this point. That's why we're putting it through a rule-making to examine it thoroughly.

RAVI CHHATRE: Thank you. I pass on to Mr. Nicholson at this time.

MR. NICHOLSON: I'd like to follow up on the same subject, really, and get Mr. Metro's thinking on RSVs and SVUs.

Are other states using these valves?

PAUL METRO: I can't tell you off the top of my head. I know -- looking at the issue from the 30,000 foot level -- is that while they are a very good idea and are needed, there's appropriate places to install these valves, and appropriate conditions.

And we need a feasibility study done to determine those thresholds where the proper places are and what the appropriate places are for these valves to be installed.

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MR. NICHOLSON: And Ms. Daugherty, I think you answered my question. The last report I saw was 1999 from DOT on ASVs and RCVs.

Is there something more recent? Or are you going straight into the rule-making?

LINDA DAUGHERTY: To my recollection, there is not anything more recent other than internal reviews and discussions, and perhaps discussions with some of our stakeholders. I don't think there's a formal report.

I would say that, when we go into the ANPRM process we do trigger the full rule-making process which is, as those of you that have dealt with it know, it's quite a -- it's quite a system. You have to go through -- you propose the idea.

Sometimes the best solutions do not make it through simply because of the cost-benefit. We can look at, ideally, it would be wonderful if we could replace all older pipe and we can put valves at very, very frequent intervals.

The fact of the matter is, there's a cost to that. And whether the American economy

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can bear it or not, I don't know. That's an issue that will be discussed.

When you go through the rule-making process, we are required to do a cost-benefit. That's part of the rule-making process. So we don't know where that will end up.

MR. NICHOLSON: And actually, a cost-benefit was done, I think, in the 1999 report; was that correct?

LINDA DAUGHERTY: I believe so. I have seen estimates that replacing 50 percent of valves would be very much in the millions, like 600 million. It would be very, very costly. So, it's something that we have to consider.

MR. NICHOLSON: Okay.

To Mr. Lee, I would ask also: Was part of your audit in either 2005 or 2010 a review of the policy memo regarding ASVs and RCVs?

DENNIS LEE: Yes, I believe we looked at it.

MR. NICHOLSON: Was there a finding?

DENNIS LEE: No, there wasn't.

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MR. NICHOLSON: That's all I have. Anything else?

RAVI CHHATRE: Madam Chairman, the technical panel has no more questions for the witnesses.

CHAIRMAN HERSMAN: Do any of the parties have questions? City of San Bruno?

CONNIE JACKS: Just a quick follow-up on the discussion you were just having regarding replacement valves. And clearly understanding and recognizing the enormous potential cost, have either of your agencies considered the potential value of rules that might consider system replacement? Pipeline replacement as part of a best practice and/or regulation?

RICHARD CLARK: Thank you. Certainly we're looking at that, absolutely. I mean, that's part of bringing the rate-making into and more closely aligning the rate-making with the safety work that's going on and the maintenance and that sort of thing, is to -- to take a look at pipeline replacement in particular situations, and

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encourage it when we feel it is necessary.
LINDA DAUGHERTY: On the federal side the replacement could be discussed as best practices. However, I will say that we are considering how some of these infrastructure issues can be addressed in the long-term.
I would also mention that we have suggested to certain pipeline operators that segments of the line that have been shown to have been problematic be replaced. And some of those lines are being replaced.
So it may not always require a rule-making solution to obtain good results for the public.
CONNIE JACKS: Thank you.
CHAIRMAN HERSMAN: Are there any other questions?
JEFF WIESE: Sorry about that. You know, I think if you allow me --
CHAIRMAN HERSMAN: No need to apologize, Mr. Wiese.
JEFF WIESE: -- I'd like to follow the

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line of questioning that the city began there, because I think we're very much interested, clearly, as city regulators. And CPUC and PHMSA would like nothing more, and the rest of our state partners, than have brand new pipeline systems out there.
So, I'm just interested more in exploiting some of the impediments and I know some of the states have been thinking about this a lot. But they have different impediments on the federal level. It goes to, how does a company recover those costs?
So I didn't know if Mr. Metro wanted to comment on any kind of innovative approaches he may have seen in different states, or work that may be going on at the state level.
PAUL METRO: Many states have pipeline replacement programs.
Now, when you talk about putting in valves, there's a limited source of dollars that the states have, so, if they have a lot of cast iron and unprotected bare steel to remove, it's

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going to be one or the other.
And from a risk assessment strategy, I would look at replacing the bare steel and the cast iron first.
JEFF WIESE: Thank you.
And then lastly, for Ms. Daugherty -- first of all, I appreciate Vice Chairman Hart's comments. He and Member Sumwalt and I have been in a number of interagency committees together, which I always find fascinating. And NTSB has led the way on a lot of initiatives.
Are there any other forums, Ms. Daugherty, that you might want to comment on?
LINDA DAUGHERTY: Yes. Thank you for reminding me about the oversight.
We are reaching out internationally. There are a lot of countries that have pipeline infrastructure. Some of it's older than ours, so we are reaching out to them.
We also hope to have an international forum this summer to pull some of our counterparts around the world to sit down and talk about how we

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address some of these infrastructure issues.
Thank you.
CHAIRMAN HERSMAN: No additional questions from the parties?
Member Weener.
MEMBER WEENER: I'd like to address this to CPUC. We've talked a lot about regulations and the operations at the federal level. I'd like to understand how that flows down to the state level.
How does that -- what regulations -- what are the states' regulations relative to PHMSA's regulations in terms of at the state level? In other words, do you just flow down a copy of them? Do you write your own regulations? What's the relationship?
RICHARD CLARK: Well, we, in our general order 112 which was first adopted in 1961, we set the standards at our level for pressure testing in a number of other areas.
When the Department of Transportation first broke rules with regard to pipeline safety, we changed our general orders so that it

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incorporated those rules in, and any modifications and updates to those rules.

We have the authority at the state level to expand upon those rules, and that's what we're doing. We've done it in the past in terms of some record-keeping issues. We're doing it now much more -- we're taking a look at how we can broaden and deepen that effort.

MEMBER WEENER: Does PHMSA in any way then certify the state? Or are you -- are you completely independent?

RICHARD CLARK: They review -- they review our programs, and -- I've forgotten whether we actually have a certification in this program or not. We do, right? Right. I'm sorry. I have so many programs, sometimes it's hard to recall.

But we do have a certification, yes.

MEMBER WEENER: Is this an annual certification?

RICHARD CLARK: Yes.

MEMBER WEENER: Now, then, CPUC has an inspector cadre, I presume.

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RICHARD CLARK: Yes.

MEMBER WEENER: Are these full-time inspectors?

RICHARD CLARK: Yes.

MEMBER WEENER: They don't do anything else other than pipelines?

RICHARD CLARK: That's the current situation, yes. We used to have our entire safety and reliability branch do electric safety, communications safety and gas safety.

But about a year prior to, I think, San Bruno, we decided that we needed to have people specialize in pipeline safety, and the other side does electric safety and communication safety.

MEMBER WEENER: Okay. So these folks, then, conduct audits and inspections?

RICHARD CLARK: Yes. And investigations of accidents.

MEMBER WEENER: And investigations. The audits and inspections, are they a paperwork exercise? Or do they really go out and kick the tires?

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RICHARD CLARK: They're both. They're primarily paperwork exercises, however, but -- but we -- a number of years ago across all of our safety programs -- said that we need to test what we find. We need to look and go out and look over the shoulder of the person who's doing the inspection for the utility, or the maintenance work for the utility. And if they're an inspector, we need to, one, make sure that they're finding what they're supposed to find; secondly, that they're doing what they're supposed to do with what it is that they're finding.

So we -- we don't simply rely upon the records that we see. We go out and we verify that that's -- that which we see in the records is that which is happening on the ground.

MEMBER WEENER: And then what sort of enforcement capabilities do you have when you see something that you didn't want to see?

RICHARD CLARK: We have -- before the ability to open an order instituting investigation -- well, we have -- I should back up

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a little bit.

We have a progressive enforcement scheme that we use, or staged enforcement scheme that we use, which begins with telling the -- the operator -- and this applies to the electric side as well as the gas side -- all of our programs have an escalated enforcement program where we tell them to fix it within a particular timeframe, give us a corrective action plan, and adhere to that corrective action plan.

If we see that either that -- they're not responding in a timely manner and taking care of their responsibilities, or we're seeing a pattern of egregious behavior, then we have the ability to take an enforcement action against them through an order instituting investigation at the commission.

We're exploring now the Pennsylvania model and the -- the Oregon model, where they have statutory authority to impose just upon natural gas pipeline operators specific penalties. It's an issue for us of delegation from the commission

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to be able to issue a citation.
MEMBER WEENER: Thank you for clarifying that.
RICHARD CLARK: Very welcome.
CHAIRMAN HERSMAN: Member Rosekind.
MEMBER ROSEKIND: Thank you for taking us through your evaluation. And it's good to hear the state of the industry is 97 percent.
So, just to keep this balanced, when you do these audits, is there a scorecard?
How do they get collated into how an organization is doing?
And then, can you benchmark that against others in California?
RICHARD CLARK: Well, in reality, we only have two operators in California, so it's Pacific Gas and Electric and then the civil utilities, San Diego Gas and Electric.
So it's -- it's more of a qualitative assessment than it is a quantitative assessment of how each one of the utilities are performing.
And then, in terms of looking out at

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what other -- the other utilities across the nation are doing, that's an area of improvement for us that PHMSA has requested that we undertake, and our -- that was a -- it was an opportunity for improvement that they pointed out to us in their last audit. And they've agreed to work with us in terms of defining what those criterion are by which we can judge the performance.
MEMBER ROSEKIND: So you'll be able to take those audits -- again, the benchmark within the state is small, but looking at a company over time or to set thresholds to where some kind of intervention or enforcement is required, it helps you to quantify those, and gives you a sense across the country. But right now that's not really the approach. It's more qualitative.
RICHARD CLARK: That's with respect to the integrity management program.
Now, as I talked about with the other member, we have general order 112 where we do inspections of many, many aspects of the utilities operation, and we capture that data in our

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databases, and we do use that to help target our inspective activities.
Because before we go out and do a GO 112 audit, we look at the problems that we had in the past; we look at any sorts of trends that are developing, and then we go out and we do our audit.
And again, in our audit, we look at the paperwork, and then we -- then we test that on the ground as much as we can, of course.
MEMBER ROSEKIND: And quantify that a little bit more.
RICHARD CLARK: Yes.
MEMBER ROSEKIND: And the last question, and I was curious about this, and the Chairman helped sort of clarify it for me, actually.
I was wondering what happens when there's sort of a difference between a federal and state perspective on an issue. What the Chairman had clarified was, you know, PG&E came with something that nobody had ever done.
How does that get addressed and

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resolved?
RICHARD CLARK: Well, it's first resolved via good communications with our friends at PHMSA. And we talk about it.
And then if we decide that we want to take a different approach at the state level, as long as it doesn't interfere with interstate commerce, we're free to do so.
LINDA DAUGHERTY: I would agree. When the state always has the prerogative of implementing regulations that are more stringent than the federal regulations, in fact, that's a great thing. They know the circumstances.
So many states adopt the federal regulations directly. Some have more robust and more stringent regulations, which they are entitled to do.
MEMBER ROSEKIND: Great. Thank you.
CHAIRMAN HERSMAN: That's great. Because that's exactly the direction I wanted to go in.
Can -- states can have more stringent

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regulations than the federal regulations. But can they have less stringent regulations than the federal regulations?

LINDA DAUGHERTY: No.

CHAIRMAN HERSMAN: Okay. So they must meet, or incorporate, those regulations.

LINDA DAUGHERTY: That is correct.

CHAIRMAN HERSMAN: Mr. Metro, how many states actually go beyond the federal regulations in certain areas?

PAUL METRO: I don't have that information. That might be something that PHMSA collects in their certification process.

LINDA DAUGHERTY: Go ahead.

ZACH BARRETT: We actually do not collect that information. States have been more stringent, but there have been some surveys that we conducted with the National Association of Pipeline Safety Representatives for I think quite a few of a majority of the states have some regulations usually in the reporting area that's more -- more restrictive than what PHMSA has.

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CHAIRMAN HERSMAN: So, for a lot of people watching this, this is an intrastate pipeline.

And the feds don't really have any jurisdiction here; is that right?

ZACH BARRETT: That's not completely true. We certify the states for the safety authority over the intrastate pipeline system. We support their program with grant funding; we evaluate the program, we support them in their inspections but, you know, I think PHMSA could, on -- for a given incident, for a given isolated thing, we could take additional action if -- if deemed necessary.

At the current time we're working with California BEC. We're working well together. We're going to do some joint work in looking at the risk assessment documents with PG&E. We're going in together. We're not leading that. We're going in as partners in that.

So there is a -- it's a partnership, then, is what we'll be doing.

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CHAIRMAN HERSMAN: Okay. But you all have limited resources.

Mr. Clark, you had a conversation with the technical panel, and we have FTEs, "full-time equivalents"; you have PYs, you know, "person years."

And so you have a -- you have less than 20 PYs that work on pipeline safety.

RICHARD CLARK: That's correct.

CHAIRMAN HERSMAN: How many FTEs do you have on the federal side of investigators?

LINDA DAUGHERTY: We're currently authorized a little over 200. I think the number is 206. With, you know, turnover, we're probably just at 200 as far as the entire organization. Roughly half of that, a little over half of that, a little over 26 are inspectors.

Now, that is spread throughout our five region offices, and the inspectors, that is -- five region offices and district offices.

I would point out that, according to our statistics, the state programs regulate roughly 80

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percent of the pipeline mileage, simply because of the intrastate facilities.

And they, roughly, augment the federal workforce of 200 people by an additional 300.

CHAIRMAN HERSMAN: Okay. So we have about 500 assets nationwide to do oversight of pipelines, some pipeline safety activities.

And so, how much of CPUC's program is supported by federal dollars, Mr. Barrett?

ZACH BARRETT: For the calendar year 2009 activities, approximately 63 percent of the total program costs for the program that year was federal dollars.

We project we're in the middle of looking at the -- and it's a reimbursable grant that the state's calendar year 2010 activities are currently taking place. They're sending us a program cost; we're reviewing those costs and we're refunding them.

I estimate that California PUC's estimate of program costs reimbursed for 2010 would be about 63 percent.

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CHAIRMAN HERSMAN: Okay. So there's kind of a symbiotic relationship here between the states and the feds. We provide the federal -- the federal government provides resources for the states to conduct their programs.

The states are providing data to the federal government for their data collection risk assessment type programs.

But when we look at what, kind of, the scope of the regulatory activity is over the years, when you all went to performance-based regulations, you didn't take away any of the prescriptive regulations; you built on what was there before, what you had been doing in the past.

This was another layer on that; correct?

LINDA DAUGHERTY: (Nodding head)

CHAIRMAN HERSMAN: What do you all think are the biggest challenges for safety regulators when it comes to oversight of performance-based programs?

Where do you all fall down?

LINDA DAUGHERTY: I will speak very

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directly on that.

Performance regulations are not easy to oversee. They're very difficult. They require a judgment call.

For decades our instructors, mostly engineers, very technically oriented people who were able to go out and evaluate a prescriptive regulation by determining if the operator had checked the number of valves they were supposed to in the timeframe.

Now they're required to think in a totally different manner. They have to evaluate the adequacy of an operator's technical justification. It is difficult. It's a difficult way of evaluating the program, but it's effective. And we believe it's effective, and we believe the results are showing out.

We have had challenges in convincing our own workforce that it's the right way to go.

We have right now both prescriptive inspections, and the performance-based integrity management inspections. And as our regulations

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develop, we will continue to maintain that, simply because, as you pointed out, we have a baseline of prescriptive regulations, and then we added on the performance on top of that.

So we will always need people that can focus on prescriptive compliance and also performance-based.

I hope I answered your question.

CHAIRMAN HERSMAN: Well, maybe what I can do is share with you a couple of accidents that we've investigated in performance-based oversight where we have seen that there are problems. Maybe you can help me understand how you address these.

We've looked at accidents in which there's a segment of pipeline that should have been identified as an HCA, but it wasn't by the operator.

And so this is kind of, to me, a little bit similar with the situation that we have with the records here.

You're relying on the operator to

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provide to you information, and you at some point have to accept that information as valid.

This goes back to Mr. Clark with the "trust but verify," you know, take the information they gave you but go out and make sure that what they're telling you is the right thing.

It's very difficult, I think, on first instance or review for you all to identify that, whether it's that their underlying documentation isn't there to support the description of the pipe for this segment, or whether an area should be an HCA or not.

If we get into even more detail -- looking at the Kingson accident. And in that accident you all identified, in their integrity management program, some things that were not included that were -- that should have been.

You inspected their -- their program for their anhydrous ammonia pipe, and the inspection revealed that -- that they didn't have a number of things with respect to their baseline assessments.

And the risk factors required by

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regulations that were not addressed by enterprise was the operator noted the following risk factors were not addressed: The seam type, results of previous assessments, defect type, and size that the assessment method can detect a defect.

You gave us this plan and all of these required pieces of it were missing.

Okay. So that was great. Somebody actually looked at it, and they gave feedback.

But they missed one thing. They missed leak history, and that wasn't part of their plan.

And so then, when we come back -- and we have 20-20 hindsight. We're coming in after the fact, something's already happened, we have plenty of time to take a look at it. But we identify here we missed another one.

With performance-based, it's incumbent upon you to find the needle in the haystack, where you've been tripped, where you can't find something. And the operator has a lot of ability to put forward information, and you all might not have the resource -- 500 people for the whole

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country, that's not very many. That's ten open -- you know, ten people per state.

How can you look at all of those plans, and how can you look over everyone's shoulders, and how can you verify that everything they gave you? You go ahead and check that that's right.

LINDA DAUGHERTY: You raised very good points, and we are definitely well aware that it is a challenge to get out to those facilities and find problems.

I would go back and mention that it is -- it is not the regulator's responsibility to assure that operators comply. It is the operator's responsibility to assure that they comply.

We know that when we go out and do inspections, we're going to do the most thorough job we can, and we're going to look at every issue.

But, we are limited on resources, and we can only spend six weeks on an integrity management review, and we may take a team of

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people. We may scour through records, but there's some -- there's some familiarity we will not have. Because we look at, you know, dozens, hundreds of company plans, we will not know them as detailed and in-depth as the company personnel.

But we do bring a couple of things. We learned from national review, or in this case, the state's review of plans. We look for triggers and flags, and we're trained to find those areas. We don't catch them all. I wish we would. We do miss some.

But I think the important point is that we have to train our personnel to look for those flags. We have to work side-by-side with our states, and share that information of how to look forward.

You mentioned performance regulations, and I would point to a recent study done on Deep Water Horizon. And that study looked at what could have been done a little bit better. And I believe that the results of that study said, look, performance-based regulations are where we may

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want to go. They validated the approach that we are taking.

I sound repetitive, and I apologize, but it's not easy. It's hard. But it's worth the effort. If we can get the job done right, then we'll be focusing our resources on the risks; we'll be addressing threats to the infrastructure, and therefore making the public safer.

CHAIRMAN HERSMAN: All right. And I see Mr. Clark wants to comment.

But can I ask you both to comment on the sanctions, when you actually identify through performance-based plans, when you identify deficiencies or defects?

What tools do you have to get it to a point where you incentivize the operator to not have those defects, so that you don't have to take the comb through and find them?

Is it the cost of doing business?

Or they -- you know, is there a real disincentive for them to have an error in their plan?

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LINDA DAUGHERTY: I'll speak to that first, simply because my mic is on.

On the federal side, we have a variety of enforcement mechanisms. When we find that an operator has not complied with our rule, we can issue a warning to them, depending on the degree.

We can issue a notice of amendment, or we can issue a civil penalty. The civil penalties can be quite large. And depending on the severity of the violation, we will use those. And we have shown that we will do those. We've -- we're in the multimillions of civil penalties.

That is not the preferable way. The preferable way is for an industry to stand in compliance. But we will take action if we find an operator is endangering the public by not complying with the rules.

Now, you would suggest also that, in the administration's proposal, we have looked at raising our civil penalty limits such that we can have an even stronger bite if somebody does something wrong.

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Now, I will also mention something else. You refer to whether an operator's incentive is to comply or not to comply. That isn't a choice. And if we ever find an operator that is deliberately or intentionally not complying with the regulations, we will turn them over to the Inspector General or to the Department of Justice for criminal enforcement.

RICHARD CLARK: One of the benefits of participating in an NTSB hearing is the quality of the questions that are asked us of, I must say.

Being a regulator, it's difficult to stand on the outside and look inside what's going on in an operation. So our first -- my first direction to my people is that, I don't want them to be on the outside looking in; I want them to be on the inside looking around.

But even being on the inside looking around, you can't know everything that the operator knows. And if there is an expectation that we achieve that, then that's an unrealistic expectation.

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As far as performance-based regulation, it's not only difficult to judge whether performance has been achieved in the manner that you want it to be achieved, but it's also very difficult to enforce performance-based regulations, because the case that you have to bring to bear becomes quite complex. It's nuanced in terms of whether or not there has been a violation of one order or another and whether that order of magnitude or that violation requires a penalty to be assessed.

It does not mean that it cannot be done, by any stretch of the imagination. It's just more -- it's just easier when you have a linear violation of -- of a prescriptive statute.

So, what we do, in terms of attempting to address these sorts of issues, is that we take a systems approach to safety, just as PHMSA does. And we -- we look at -- so, here's the -- the vision for my organization, and -- our organization, I should say, not my organization -- and the culture that we try to develop within our

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organization. And that is, first of all, we have to be experts in our field.

We have to know the rules; we have to know the laws, we have to know as much as we can about those that we are regulating and what their -- what their incentives are, where it is they're trying to go, all the different elements of a system that you have to understand in order to know where an organization is headed and how they're trying to get there.

The second thing is that we have to be objective. We can't bring emotion and personal perspective. We have to -- we have to be critical in our thinking. When we see something, we have to go beyond, if it's written down on a piece of paper, whether or not we then look and verify -- "trust and verify" as you aptly said.

And then you have to continuously improve the system. And that means improving the rules. And it also means taking enforcement action when the time has come that you take enforcement action.

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And so, part of my role is essentially to act as a district attorney in terms of trying to figure out when it is that it's time to -- to bring an enforcement action.

And you know, you make mistakes in that regard sometimes, but for the most part, when we get to the point where we're not getting compliance with the corrective action plans that have been given to us by the utilities, and we say, okay, this is applying a corrective action plan, and we're not getting it, or we feel that the utilities are misrepresenting the facts, then we will absolutely take enforcement actions in that regard.

It's important to have a just safety culture also, which is important in terms of being a regulator, a just regulator.

One of the problems with prescriptive -- the enforcement of prescriptive regulations is that many times it becomes a "gotcha" game. We don't want to have a "gotcha" conversation when it comes to the safety of the natural gas system in

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the state of California.

We want to have a conversation about, where are you going? How do you plan to get there? Do we agree with where you're going? And how you plan to get there? And are you making good progress in that regard?

The commission, I believe, is moving in the direction of taking a broader and deeper look at that regulatory scheme, and the balance between prescriptive regulation and performance-based regulation, and free thinking, which gives us just another insight into -- actually, a deep insight into what's going on on the inside.

Because when you start looking at the money and where it's going and what the priorities are, then you're there.

CHAIRMAN HERSMAN: Do you want to add anything, Mr. Metro?

PAUL METRO: Your assessment is accurate about the 500 inspectors across the nation. For every new state inspector, we would add 100 inspection days, which is a tremendous statistic

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that -- that would add additional safety measures for the states.

Congress has authorized the states to receive up to 80 percent funding, but they've never appropriated that amount. We've been booking at about 60 percent appropriation. It could be less, could be more. We don't know until this coming year.

The other point you brought up is training. Training -- we only have one training facility in the United States. It's in Oklahoma City, Oklahoma. And that's for all 500 engineers and inspectors. We need more training across the nation, and more trainers.

CHAIRMAN HERSMAN: Thank you all very much.

This has been a great panel; we've got a lot of good information to talk about as we go forward with our analysis and our report preparation. We very much appreciate your service, and your frank and candid answers to our questions.

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I understand we do have one witness that the tech panel would like to recall from yesterday. Ms. Ward, we'll excuse this fourth panel and recall a witness.

HEARING OFFICER WARD: Yes, Madam Chairman. We'd like to recall Mr. Bob Fassett.

CHAIRMAN HERSMAN: Ms. Ward, he was already sworn yesterday, so you don't need to do it again; correct?

Mr. Budinski, did you have some questions for Mr. Fassett?

BOB FASSETT,
previously sworn upon his oath
as a witness in this case
testified as follows:

MIKE BUDINSKI: I wanted to revisit our integrity management session from yesterday's session 2, just looking for a little more clarity. And also I think I might set the stage for session 5 tomorrow.

I'd like to know a little bit more about, if you could indicate the specific threats

identified for line 132, section 180, as you knew them before the accident.

BOB FASSETT: I don't recall specifically. I believe, though, Mrs. Perraulta mentioned that in the morning, and I referenced it in response to Mr. Wiese yesterday afternoon.

But there was an inter -- an interacting threat between corrosion and the outside force associated with the fact that it's crossing -- that it's in a seismic area and it's an older line.

MIKE BUDINSKI: So those -- so mainly that's two threats, really, that you were inspecting for; is that correct?

BOB FASSETT: That's correct.

MIKE BUDINSKI: And how did you arrive at this list? And what was the criteria that you used to establish those threats?

BOB FASSETT: It's through -- well, it's through our risk assessment procedures established in RNP6 that we discussed yesterday.

MIKE BUDINSKI: Okay. And how were they

inspected, specifically?

BOB FASSETT: You mean the actual inspections associated with the line --

MIKE BUDINSKI: Yeah, for those --

BOB FASSETT: -- was used to evaluate the corrosion aspect of it, and we monitored to determine if there was any outside force, any line movement.

I believe we have records. I don't recall if they were provided as an exhibit to a DR or not, but we have records to show that there was no outside force on that pipe.

MIKE BUDINSKI: Okay. Thank you. That's all for my questions.

CHAIRMAN HERSMAN: Just to make sure everyone else has an opportunity, did anyone else want to follow up?

Seeing no requests, follow-up from the members of the Board of Inquiry?

No. Thank you very much, Mr. Fassett, for being able to come back.

And this concludes our deliberations for

the day, and we will reconvene tomorrow morning at 9:00 o'clock to consider the testimony from the final panel.

We're adjourned.

(HEARING CONCLUDED FOR THE DAY AT 4:19 P.M., ON WEDNESDAY, MARCH 2, 2011)

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REPORTER'S CERTIFICATE

I, LORI BUCKNER, Registered Professional Reporter and Certified Realtime Reporter, California CSR # 13023, certify that I was authorized to and did stenographically report the above proceedings in the matter of NTSB HEARING, DAY 2, MARCH 2, 2011; that the transcript is a true and complete record of my stenographic notes, with the caveat that I could not see many of the parties speaking and the speaker names are not always certain, and names that were not spelled and not found in documents may be phonetic.

I further certify that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action to my knowledge, nor am I financially interested in the action.

Dated this 2nd day of March, 2011.

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