BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Pacific Gas and Electric Company's Natural Gas Transmission Pipeline System in Locations with Higher Population Density.	I.11-11-009 (Filed November 10, 2011)

DIRECT TESTIMONY OF

JOHN GAWRONSKI

ON BEHALF OF

THE CITY AND COUNTY OF SAN FRANCISCO

INVESTIGATION 11-11-009

CALIFORNIA PUBLIC UTILITIES COMMISSION

June 25, 2012

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Q.1 Please state your name and business address.

A.1 My name is John Gawronski. I am a consultant affiliated with the Hudson River Energy Group. My business address is 2079 County Route 47, Salem NY 12865.

Q.2 Please summarize your education and experience.

A.2 I have over 40 years of natural gas pipeline industry expertise in the areas of transmission and distribution pipeline integrity management, pipeline codes and standards, as well as monitoring and regulatory compliance reviews. I hold a BS in Mechanical Engineering and MME in Engineering Management from City College of NY. For the period 1977 – 2003 I was Chief of Investigations for the Gas Division, Chief of Safety and Reliability for the Office of Energy & Water, and later Gas & Water for the New York Public Service Commission, supervising a staff of up to 30 employees including senior supervisory responsibility for staff investigations of significant incidents and accidents, and other unusual events, and serving as a senior technical advisor to the Commission primarily on gas matters. I have reviewed the engineering, asset planning and operations of all major New York combination companies and gas utilities. I have evaluated cast iron and steel pipe replacement programs of utility operators and have participated in Transmission Integrity Management Plan reviews and inspections with the USDOT of transmission pipeline operators.

My resume is included as Exhibit 1.

Q.3 On whose behalf are you testifying in this proceeding?

A.3 I am testifying on behalf of the City and County of San Francisco (~~"~~CCSF~~"~~ or ~~"~~San Francisco~~"~~).

Q.4 What is the purpose of your testimony?

A.4 The purpose of this testimony is to provide additional insight into an operator's obligation to validate the maximum allowable operating pressure (~~"~~MAOP~~"~~) upon the

change in population density in proximity to a transmission line, and to support findings made in the Consumer Protection and Safety Division's (CPSD) Investigative Report on PG&E's failure to properly classify pipelines and operate those pipelines prudently in light of changes in population density in the areas surrounding those pipelines.

Q.5 What materials did you review in preparing this testimony?

A.5 I reviewed the National Transportation Safety Board Report (NTSB) Accident Report dated August 30, 2011, the Independent Review Panel report dated June 24, 2011, the CPSD Incident Investigation Report into the San Bruno rupture dated January 12, 2012, the CPSD reports issued in CPSD's investigation into PG&E's record keeping practices dated March 12, 2012, CPSD's Investigative Report in Investigation 11-11-009, PG&E's response to data requests from various parties and other materials made available to the public.

Q.6 Did the CPSD report make specific findings regarding PG&E's failure to verify the MAOP for its pipelines?

A.6 Yes. The CPSD report found that PG&E admittedly failed to identify 898 pipeline segments with class location changes on its transmission system.[1] The report also found that PG&E's failure to identify locations with increased population density has resulted in noncompliance with PG&E's own internal rules, a violation of 49 CFR §192.13(c),[2] and that [f]ailure to identify changes in class locations resulted in PG&E failing to conduct a class location study for 224 segments in violation of 49 CFR § 192.609.[3] The CPSD report also found that [e]ach failure of identification and failure to begin a class study also resulted in a failure to confirm or revise the appropriate Maximum Allowable Operating Pressure (MAOP) in violation of 49 CFR § 192.611.[4] Most troubling, the

[1] CPSD Investigative Report Into the Operations and Practices of Pacific Gas & Electric Company's Natural Gas Transmission Pipeline System in Locations with High Population Density, at p. 1.
[2] *Id.*
[3] *Id.*
[4] *Id.*

CPSD report found that some of these violations resulted in the operation of pipeline segments above the federally established MAOP under 49 CFR §192.619—a particularly serious violation due to the dangers of pipeline rupture to those living and working in the immediate vicinity of the pipeline segment.‖[5]

Q.7 How long have some of these admitted failures persisted?

Q.7 In its January 17, 2012 regulatory filing, PG&E provided additional details regarding the results of its class location review and stated that—many of these errors occurred many years ago.‖[6] This indicates that these violations have persisted for many years.

Q.8 What must an operator do if there are population density changes in the area surrounding its pipelines?

A.8 Pursuant to 49 CFR § 192.613, an operator is required to perform—continuing surveillance of its facilities to determine and take appropriate action concerning changes in class location, failures, leakage, history, corrosion, substantial changes in cathodic protection requirements, and other unusual operating and maintenance conditions.‖[7] This requirement applies to all transmission lines, not just those in high consequence areas. Section 49 CFR § 192.609 also sets forth specific requirements regarding monitoring changes in class location. Whenever there is a change in class location, the operator must confirm or revise the MAOP.[8] Based on the CPSD report, PG&E has not performed the necessary continuing surveillance to ensure that its pipelines are operating at levels commensurate with their class location.

Q.9 Have these requirements existed since the time the federal standards were enacted?

A.9 Yes. As originally enacted, the code of federal regulations included a section 192.607. That section required operators to complete a study to determine the then-present class location and ensure that the MAOP was commensurate with the class locations, as

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[5] *Id.*
[6] PG&E's January 17, 2012 Response to Order Instituting Investigation 11-11-009, at p. 2.
[7] 49 C.F.R. § 192.613(a).
[8] 49 CFR § 192.611.

required by section 192.611. Operators were required to complete this initial determination for all transmission pipelines operating over 40 percent SMYS by January 1, 1973. If there were changes in class location after April 15, 1973, those changes would be governed by sections 192.609 and 192.611.[9] The Department of Transportation intended that section 192.609 and 192.611 together would be—sufficient to require that operators have up-to-date class location determinations for high-stress pipelines, and maintain the MAOPs for those lines commensurate with their class locations.‖[10]

Q.10 Do these requirements apply to pipelines that are operated pursuant to 49 CFR 192.619(c)?

A.10 Yes. When setting a safe operating pressure for its pipelines, an operator must consider all relevant factors including changes to the population density surrounding or near the pipeline. Although the grandfathering provision, 49 CFR § 192.619(c), allows for pipelines to be operated at historic high pressures experienced between 1965 and 1970, that section explicitly states that—an operator must still comply with § 192.611.‖[11]

This requirement was confirmed in a study performed by the Hartford Steam Boiler Inspection and Insurance Company on behalf of the Gas Research Institute. The study states that—The _grandfather clause' essentially said not withstanding all other requirements for establishing MAOP for new pipeline that: _...an operator may operate a segment of pipeline found to be in satisfactory condition, considering its operating and maintenance history, at the highest actual operating pressure to which the segment was subjected during the 5 years preceding July 1, 1970...', subject to the requirements of change in class location.‖[12]

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[9] 35 Federal Register 13249.
[10] 61 Federal Register 28780.
[11] 49 C.F.R. § 192.619(c).
[12] (Exhibit 2) Evaluation of Pipeline Design Factors, Michalopoulos and Babka, Hartford Steam Boiler Inspection and Insurance Company, prepared for Gas Research Institute, (February 2000), at p. 21.

Q.11 How many miles of PG&E's transmission pipelines did PG&E operate pursuant to 192.619(c)?

A.11 PG&E has stated that of the 1,805 miles of pipelines in Class 3 and 4 locations and Class 1 and 2 high consequence areas, 455 miles of transmission pipelines operate pursuant to the grandfather clause.[13] PG&E operates approximately 3,000 more miles of transmission pipelines in non-high consequence areas. It is not clear how many of these pipelines were operated pursuant to the grandfather clause. If PG&E failed to identify changes in class locations, and failed to perform the class location study for grandfathered segments, PG&E may have been operating those transmission lines above the permitted MAOP.

Q.13 Does that conclude your testimony?

A.13 Yes, it does.

[13] PG&E March 15, 2011 Report on Records and Maximum Allowable Operating Pressure Validation, p. 13 (filed in R.11-02-019).