

**Exhibit Number** :  
**Commissioner** : Michel Peter Florio  
**Admin. Law Judge** : Amy C. Yip-Kikugawa

**Gas Safety and Reliability Branch  
Consumer Protection and Safety Division  
California Public Utilities Commission  
State of California**

**SUPPLEMENTAL “ASSUMED SMYS” TESTIMONY  
SERVED PURSUANT TO ALJ YIP-KIKUGAWA’S  
DIRECTIONS OF AUGUST 23, 2012**

**CLASS LOCATION OII  
Investigation 11-11-009  
(November 10, 2011)  
San Francisco, California  
August 24, 2012**

1           **I.       CPSD Response to “PG&E’s Application of Conservative,**  
2           **Assumed Values Complies With Regulatory**  
3           **Requirements”<sup>1</sup>**

4           At page 4-9, PG&E states: “Where we have lacked certain data regarding our  
5 pipelines, we have made measured use of conservative, assumed values pursuant to  
6 ASME B31.8S. Our practice has been to use the most conservative specifications (e.g.,  
7 lowest specified minimum yield strength (SMYS) value) from Company material  
8 procurement specifications for pipeline projects installed during the same time period  
9 as the pipe segment in question.”

10           However, the evidence demonstrates that PG&E did not fully research all of its  
11 records of procurement specifications; thus there cannot be any certainty about what  
12 was the lowest quality/strength pipe it bought at any given time. PG&E is, therefore,  
13 required to default to the Part 192.107(b) value of 24,000 psi for the yield strength for  
14 unknown pipe yield strength.

15           Two examples were cited in the CPSD staff report for violations of ASME B31.8S:  
16 (1) three different values for the SMYS of Grade B steel were used –35,000 psi, 40,000  
17 psi, and 45,000 psi; and (2) two segments with unknown SMYS were assigned non-  
18 conservative values of 33,000 psi and 52,000 psi even though 192.107(b)(2) requires a  
19 conservative value of 24,000 psi when the exact SMYS of a pipe segment is not known  
20 or documented.

21           First, if PG&E’s process for identifying conservative values from the Company  
22 material procurement specifications allows for three different values of SMYS for Grade  
23 B steel, then the process was flawed. There should have been internal consistency  
24 within GIS regarding the SMYS of Grade B steel.

25           Second, if a company can demonstrate via exhaustive research that they have  
26 uncovered every type of pipe purchased that could have been used on the subject  
27 installation (this includes new and used pipe of an older vintage), then CPSD would  
28 agree that using the lowest quality material procurement specification during the time  
29 frames in question would reflect all of the possible pipe that could have been place in  
30 service for the specific segments in question. If not, this is not a good utility practice.

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<sup>1</sup> See Rebuttal Testimony of Raffy Stepanian, August 20, 2012, in the San Bruno OII, I.12-01-007, pp. 17-18.

31            If PG&E had used the 24,000 value for the yield strength on the pipe, it would  
32 have had an MAOP of 300 psi if the type of longitudinal seam was known. If they did  
33 not have records on the type of seam, it should have used a joint seam factor of 0.8  
34 which would have lowered the MAOP to 240 psi, well below the actual pressure at  
35 which Segment 180 failed.