

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

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Order Instituting Rulemaking on the Commission's )  
Own Motion to Adopt New Safety and Reliability )  
Regulations for Natural Gas Transmission and )  
Distribution Pipelines and Related Ratemaking )  
Mechanisms. )

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R.11-02-019  
(Filed February 24, 2011)

**COMPLIANCE STATEMENT OF  
SAN DIEGO GAS & ELECTRIC COMPANY (U902M)  
UNDER D.12-12-009**

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San Diego Gas & Electric Company (SDG&E) submits the following Compliance Statement pursuant to Ordering Paragraph 3 of Decision (D.) 12-12-009.

**I. BACKGROUND**

On October 7, 2011, California Senate Bill 705 was signed into law, and codified as California Public Utilities Code Sections 961 and 963. Section 961 requires that each gas corporation in California develop a plan for the safe and reliable operation of its gas pipeline facilities and requires that the California Public Utilities Commission (Commission) accept, modify, or reject the plan by year-end 2012. Section 963 also establishes that it is the policy of the state that the Commission and each gas corporation place safety of the public and gas corporation employees as the top priority.

On April 19, 2012, the Commission amended the scope of its Pipeline Safety Rulemaking to include compliance with the requirements of Public Utilities Code sections 961 and 963.<sup>1</sup> The Commission further directed each California natural gas pipeline operator to submit a proposed natural gas system operator safety plan that shows how the operator addresses each element of

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<sup>1</sup> See D.12-04-010.

Public Utilities Code sections 961 and 963 for its gas transmission and distribution facilities (Safety Plan) by June 29, 2012.<sup>2</sup>

On June 29, 2012, SDG&E filed its Safety Plan with the Commission.

On July 10, 2012, California Assembly Member Jerry Hill expressed concerns regarding the coordination and supervision of in-line inspection contractors retained by California natural gas utilities. On July 20, 2012, Commissioner Florio issued an Assigned Commissioner's Ruling stating that he "share[s] the Assembly Member's Concerns" and directed "the utilities that employ in-line inspection tools towards assessing for metal loss to amend their Safety Plans to address these concerns no later than August 24, 2012."<sup>3</sup>

On August 24, 2012, SDG&E filed an amended Safety Plan Chapter 4, *Safety Systems*, to address these concerns.

The Commission's Consumer Protection and Safety Division (CPSD) engineers reviewed the Safety Plans submitted by California gas pipeline operators for compliance with Public Utilities Code sections 961 and 963 and D.12-04-010. On November 17, 2012, the CPSD completed its review of the Safety Plans, and on December 26, 2012, the Commission issued a decision accepting the Safety Plans and attaching a summary matrix of CPSD's findings. In that decision, the Commission describes CPSD's review process as follows:

To evaluate the filed safety plans, CPSD first established specific interpretations of each Legislative and Commission direction to guide its review of each plan. The report sets out each such interpretation, which CPSD refers to as a criterion, and explains how it was derived and applied. CPSD then evaluated each safety plan for compliance with each adopted criterion.

The Commission further noted that "CPSD identified deficiencies in every submitted safety plan."<sup>4</sup> The Commission clarified, however:

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<sup>2</sup> D.12-04-010 at 19.

<sup>3</sup> July 20, 2012 Ruling of the Assigned Commissioner Setting Schedule for Comments on Safety Plans, Granting Unopposed Motion to Move Exhibit Into Record, and Adopting Procedures for Commission Consideration of Request to Lift Operating Pressure Limitations on Line 131-30 at 1.

<sup>4</sup> D.12-12-009 at 21.

CPSD qualified its use of the term “deficiency” as not meaning an imminent threat exists, but rather that the safety plan as presented did not meet CPSD’s newly developed criteria implementing Pub. Util. Code §§ 961 and 963. Where the operator presented an insufficient showing, or the cross reference was to a general standard or program, which lacked detail, CPSD found the plan deficient.<sup>5</sup>

The Commission further noted that:

CPSD expressed confidence that it could work with the operators to address and resolve most, if not all, of the identified deficiencies. CPSD requested that the Commission authorize the operators to file and serve compliance statements no later than June 30, 2013, demonstrating that the operator has successfully addressed CPSD’s noted deficiencies.<sup>6</sup>

Accordingly, in D.12-12-009, the Commission directed all California pipeline operators, including SDG&E, to work with CPSD, now the Safety and Enforcement Division or SED, to resolve the identified deficiencies and file and serve a compliance statement showing that any identified deficiency in its Safety Plan has been cured by June 30, 2013.<sup>7</sup>

The Commission further directed natural gas operators to “review, revise, update and otherwise improve their safety plans on a continual and going forward basis . . . as required by emerging issues, industry practices, and state and federal regulators.”<sup>8</sup>

Following the issuance of D.12-12-009, SDG&E met with SED engineers to resolve the identified deficiencies and discuss any other concerns or recommendations that SED engineers had with respect to the Safety Plan submitted by SDG&E on June 29, 2012, as amended on August 24, 2012. As discussed in greater detail below, SDG&E has revised its Safety Plan to address those deficiencies and recommendations and submits this Compliance Statement affirming compliance with D.12-12-009.

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<sup>5</sup> *Id.*

<sup>6</sup> *Id.* at 22.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 23.

## II. SUMMARY OF REVISIONS TO SDG&E'S SAFETY PLAN

Upon receipt of the Commission's guidance in D.12-12-009, SDG&E revised and updated its Safety Plan to address the deficiencies and new criterion described by SED in the attachment to that decision, and published a revised version of its Safety Plan in December 2012. These identified deficiencies and modifications are summarized as follows:

Statutory Requirement	Modification Requested by SED	Modification Implemented by SDG&E
§961(b)(3): Each gas corporation shall implement its approved plan.	Include a high level policy statement signed by a Company Officer to demonstrate implementation of the Safety Plan.	Amended Safety Plan to include a policy statement and signature of the Vice President of Engineering and Operations Services to demonstrate implementation of the plan.
§961(b)(4): The Commission shall require each gas corporation to periodically review and update the plan.	Specify the frequency the Plan will be reviewed.	<p>In Chapter 2, <i>Executive Officer's Safety Performance Expectations</i>, the Safety Plan specifies that it will be reviewed annually, not to exceed 15 months.</p> <p>In addition, to address feedback received with respect to Southern California Gas Company's Safety Plan, SDG&amp;E also implemented the following changes:</p> <ol style="list-style-type: none"> <li>1. Chapter 6, <i>State and Federal Regulations</i>, now includes a table of industry identified actions operators may take to enhance safety and lists the responsible internal organization responsible for their review.</li> <li>2. Modified the Safety Plan to specify the review interval of included safety plan components.</li> </ol>
§961(c): The plan developed, approved, and implemented pursuant to subdivision (b) shall be consistent with best practices in the gas	Provide specific details on how the operator is conforming to industry best practices and how it is evaluating its operations and using the results to	Amended Safety Plan to detail the steps we take to keep abreast of industry best practices, such as: (1) participating in industry groups, (2) having dedicated organizations whose function is to track emerging issues and inform relevant

<p>industry and with federal pipeline safety statutes as set forth in chapter 601 (commencing with Section 60101) of Subtitle VIII of Title 49 of the United States Code and the regulations adopted by the United States Department of Transportation pursuant to those statutes.</p>	<p>support its practices.</p>	<p>organizations, (3) participating in industry studies, and (4) collaborating in the development of pipeline safety legislation. The table of industry identified actions operators may take to enhance safety provides SDG&amp;E's timeline of implementation and responsible internal organization.</p>
<p>§961(d)(3): Provide adequate storage and transportation capacity to reliably and safely deliver gas to all customers consistent with rules authorized by the commission governing core and noncore replacement, preventive maintenance, and reactive maintenance and repair of its commission-regulated gas pipeline facility.</p>	<p>Describe how the operator monitors its system to determine adequate pressure and capacity in its storage/ distribution/ transmission systems.</p>	<p>Revised Chapter 7, <i>Continuing Operations</i>, to elaborate on our storage and transportation capacity policy.</p>
<p>§961(d)(10) &amp; §963(b)(3): Ensure an adequately sized, qualified, and properly trained gas corporation workforce to carry out the plan.</p>	<p>Describe how appropriate staffing levels will be determined.</p>	<p>Revised Chapter 7, <i>Continuing Operations</i>, to elaborate on our process for determining staffing levels.</p>
<p>§961(d)(11): Any additional matter that the Commission determines should be included in the plan.</p>	<p>The matrix to D.12-12-009 did not provide a description of how SDG&amp;E could meet this requirement.</p>	<p>Amended Chapter 8, <i>Emerging Issues</i>, to include issues currently being addressed by the company such as Aldyl-A pipe, automatic shut-off valves, and the manner in which the company keeps current on emerging issues.</p>
<p>§961(e): The Commission and gas corporation shall provide opportunities for meaningful, substantial,</p>	<p>Describe how employee suggestions will be tracked, reviewed, considered, and documented. And that the</p>	<p>Updated Chapter 3, <i>Plan Development and Implementation</i>, to describe how employee suggestions were recorded, and where applicable, employees were contacted for further follow-up, and</p>

and ongoing participation by the gas corporation workforce in the development and implementation of the plan, with the objective of developing an industry wide culture of safety that will minimize accidents, explosions, fires, and dangerous conditions for the protection of the public and the gas corporation workforce.	plan should include measures of effectiveness.	suggestions prioritized.
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On March 8, 2013, SDG&E forwarded our revised Safety Plan to SED to confirm that our revisions addressed all of SED’s concerns. SDG&E then met with SED on March 28, 2013 to review how each of the deficiencies had been remedied. During this meeting, SED requested that the following additional updates be made to the Safety Plan, beyond those previously described in D.12-12-009:

<b>Statutory Requirement</b>	<b>Modification Requested by SED</b>	<b>Modification Implemented by SDG&amp;E</b>
961(d)(5): Provide for appropriate and effective system controls, with respect to both equipment and personnel procedures, to limit the damage from accidents, explosions, fires, and dangerous conditions.	Elaborate on gas handling and equipment and personnel procedures	Revised Chapter 5, <i>Emergency Response</i> , to expand our discussion of effective system controls, particularly pertaining to SDG&E’s gas handling plan and considerations when performing gas handling/ pressure control operations.



<b>Statutory Requirement</b>	<b>Modification Requested by SED</b>	<b>Modification Implemented by SDG&amp;E</b>
961(d)(3): Provide adequate storage and transportation capacity to reliably and safely deliver gas to all customers consistent with rules authorized by the commission governing core and noncore replacement, preventive maintenance, and reactive maintenance and repair of its commission-regulated gas pipeline facility.	The SED revisited the topic of storage and transportation capacity and requested additional SDG&E policy references.	Updated Chapter 7, <i>Continuing Operations</i> to re-emphasize that we continuously monitor our system to meet current customer demand. The Safety Plan references the policy, Southern California Gas Company (SoCalGas) Rule 41, Utility System Operation, which states that the mission of the Utility Gas System Operator is to maintain system reliability and integrity. This rule provides information on the responsibilities of the gas Control Department to maintain system reliability for both SoCalGas and SDG&E.
961(d)(10): Ensure an adequately sized, qualified, and properly trained gas corporation workforce to carry out the plan.	The SED revisited the topic of how workforce requirements are met.	Clarified, in Chapter 7, <i>Continuing Operations</i> , that appropriate staffing levels are achieved when SDG&E is able to complete all pipeline safety compliance work as required by General Order 112-E. This includes the completion of maintenance and inspection activities within the specified compliance periods.

SDG&E submitted a second revised Safety Plan to SED for review on June 16, 2013. On June 26, 2012, SED contacted SDG&E to request further revisions to the Safety Plan:

Statutory Requirement	Modification Requested by SED	Modification Implemented by SDG&E
<p>961(d)(3): Provide adequate storage and transportation capacity to reliably and safely deliver gas to all customers consistent with rules authorized by the commission governing core and noncore replacement, preventive maintenance, and reactive maintenance and repair of its commission-regulated gas pipeline facility.</p>	<p>1) Describe or reference company documents, procedures or processes that describe the approximate capacity of the operator’s storage.</p> <p>2) Identify who is responsible for monitoring and confirming adequate capacity and pressure.</p> <p>3) When deficiencies are noted from the operator’s pressure and capacity monitoring, how they are addressed and by whom.</p>	<p>1) Added a reference, within Chapter 7, <i>Continuing Operations</i>, to the electronic bulletin board web address, ENVOY, which provides up-to-date information on transportation and storage capacities.</p> <p>2) Revised the Safety Plan to identify the internal organizations responsible for monitoring capacity and pressure.</p> <p>3) Highlighted that deficiencies are addressed according to the established rules and tariffs governing SDG&amp;E’s policies.</p>
<p>961(d)(10): Ensure an adequately sized, qualified, and properly trained gas corporation workforce to carry out the plan.</p>	<p>1) Describe how appropriate staffing levels will be determined.</p> <p>2) Describe the threshold for action in workforce requirements. Reference specific processes, procedures or documents that address this.</p> <p>3) Identify those responsible for analyzing and deciding upon workforce requirements.</p>	<p>1) Added a discussion of the annual planning process whereby workforce requirements are determined.</p> <p>2) Include a description of the factors that initiate action, such as resource vacancies and projected work levels to meet safety, compliance, and other obligations.</p> <p>3) Amended Safety Plan to identify the integrated responsibility of various internal organizations, from the district level to Company Officers, for analyzing work force requirements in order to meet performance goals.</p>

### III. CONCLUSION

SDG&E revised our Safety Plan to remedy the deficiencies identified in D.12-12-009, and further revised our Safety Plan to incorporate additional feedback provided by SED on March 28 and June 26, and implemented our compliant Safety Plan. As required under D.12-12-

