

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Rulemaking11-02-019
(Filed February 24, 2011)

**SOUTHWEST GAS CORPORATION'S (U 905 G)
COMMENTS REGARDING SAFETY ENFORCEMENT DIVISION
STAFF'S PROPOSAL FOR CHANGES TO GENERAL ORDER 112-E**

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8 On August 15, 2013, the Safety Enforcement Division (SED) Staff submitted a
9 proposal for changes to General Order (GO) 112-E. SED Staff has identified nineteen (19)
10 proposed rule changes (PRC). Southwest Gas Corporation (Southwest Gas or Company)
11 submits the following comments regarding SED Staff's proposal for changes to GO 112-E.

12 **I. PRC-3**

13 SED Staff's PRC-3 proposes definitions for key terms related to GO 122-E. Southwest
14 Gas has concerns regarding certain definitions proposed by SED Staff. Specifically,
15 Southwest Gas has concerns regarding the definition "High Consequence Area" and "near-
16 miss events".

17 Southwest Gas has concerns regarding the definition of "High Consequence Area"
18 (HCA) as proposed by SED Staff which seeks to limit Gas Utilities to Method 1. PHMSA's
19 definition under 49 CFR 192.3 allows for two (2) methods to be utilized for defining HCAs.
20 Southwest Gas currently utilizes Method 2 because Method 2 focuses integrity assessments
21 to the areas of highest risk. This analysis insures that those areas of concern are added to the
22 program in a timely fashion and that the program is focused on the areas of risk, resulting in
23 effective utilization of resources for both assessments and Preventative and Mitigative (P&M)
24 measures assignment. If SED Staff's proposal is accepted, Method 2 will no longer be
25 allowed and the Company's transmission integrity program will require extensive "first time"
26 assessments, field analysis, procedure revision and employee training.

27 Southwest Gas also has concern regarding the definition of "near-miss events" as
28 proposed in SED Staff's PRC-3. The SED Staff's definition of near-miss events is vague and

1 goes well beyond excavation related activities. With the inclusion of “[d]eficiencies identified in
2 an approved standard, procedure or process” as a near-miss event, Southwest Gas believes
3 that the proposed definition, creates an environment where the negative connotation of “near-
4 miss event” is applied to a positive action. For example, if a gas utility modifies and improves
5 an approved standard, procedure or process through its actions of “continuous improvement”
6 and analysis, then such action would be identified as a near-miss event under SED Staff’s
7 definition and labeled as a deficiency. Such an environment could dis-incentivize utilities from
8 proactively improving approved standards, procedures or processes as any improvement
9 would cause the previous standard, procedure or process to be considered a near-miss event.
10 Further, with the recent amendments to California Government Code 4216.6 (GC 4216.6)
11 under AB 811 entered into law on September 6, 2013, information submitted by operators and
12 excavators regarding excavator downtime, damages, near misses, and violations shall be
13 compiled and made available in an annual report. The term “near misses” as used in GC
14 4216.6 is clearly directed at excavation related activities. To define the term beyond
15 excavation related activities as proposed by SED Staff, will only serve to create confusion.

16 **II. PRC-4**

17 PRC-4 proposes changes to the requirements for reporting of overpressure and
18 underpressure events on gas pipeline systems. Southwest Gas does not support SED Staff’s
19 proposed changes to Sections 122.2(a)(3), 122.2(a)(4), 122.2(d)(5) and 122.2(d)(6).

20 **A. Section 122.2(a)(3)**

21 Southwest disagrees with SED Staff’s proposed changes to Section 122.2(a)(3)
22 because the proposed changes to Section 122.2(a)(3) could create confusion and
23 inconsistency. Specifically, SED Staff’s proposed changes to Section 122.2(a)(3) requires
24 operators to report:

25 Incidents where the failure of a pressure relieving and limiting stations, or
26 any other event, results in pipeline system pressure exceeding its
27 established Maximum Allowable Operating Pressure (MAOP) plus the
allowable limitations set forth in 49 CFR § 192.201. (emphasis added)

28

1 49 CFR 191.23(5) requires DOT notification for incidents where the MAOP “plus the
2 build up allowed” is exceeded. The term “plus the build up allowed” is a widely understood
3 term in the industry. Use of the term “plus the allowable limitations” could cause confusion
4 and inconsistency because that term is not defined and its use is inconsistent with the
5 language used in 49 CFR 191.23(5).

6 Southwest Gas also does not believe that the term “or any other event” is necessary.
7 Southwest Gas does not believe there is a difference between an “incident” or “other event”
8 where MAOP plus the build up allowed is exceeded.

9 **B. Section 122.2(a)(4)**

10 Southwest Gas’ concerns regarding SED Staff’s proposed changes to Section
11 122.2(a)(4) evolve from the breadth of incidents that would be required to be reported. SED
12 Staff proposed that utilities be required to report:

13 Incidents in which an under-pressure condition, caused by the failure
14 of any pressure controlling device, **or any other event** other than
15 excavation related damage, results in any part of the gas pipeline
system losing service or being shut-down. (emphasis added)

16 If SED Staff’s proposal is accepted, gas utilities would be required to report all incidents
17 or events, regardless of cause, which resulted in any part of the gas pipeline system losing
18 service or being shut down. Such a requirement would result in gas utilities having to report all
19 incidents of leak repair (including non-hazardous Grade 2 or 3 leaks) or any other operation
20 and maintenance (O&M) activity where a section of pipe is required to be isolated for the
21 repair. Further, reporting of these “events” to the CPUC will be required under Section
22 122.2(b)(1) as soon as practicable but no longer than 2 hours after the utility is aware of the
23 incident and its personnel are on the scene. Southwest Gas believes that the phrase “or any
24 other event” should be removed from SED Staff’s proposed changes to Section 122.2(a)(4).

25 **C. Section 122.2(d)(5)**

26 SED Staff’s proposed changes to Section 122.2(d)(5) align the proposed changes in
27 Section 122.2(a)(3) with reporting requirements in Quarterly Summary Reports. The
28

1 arguments asserted by Southwest Gas regarding Section 122.2(a)(3) above are equally
2 applicable to Section 122.2(d)(5) and are incorporated herein by this reference.

3 **D. Section 122.2(d)(6)**

4 SED Staff's proposed changes to Section 122.2(d)(6) align the proposed changes in
5 Section 122.2(a)(4) with reporting requirements in Quarterly Summary Reports. The
6 arguments asserted by Southwest Gas regarding Section 122.2(a)(4) above are equally
7 applicable to Section 122.2(d)(6) and are incorporated herein by this reference.

8 **III. PRC-5**

9 SED Staff's proposed changes in PRC-5 establish the requirements for the reporting of
10 certain metrics to the CPUC. Southwest Gas has concerns regarding SED Staff's proposed
11 regulations contained in Section 123.2(a), (b), (c), (d), (e), (h), (i) and (j) of PRC-5.

12 **A. Section 123.2(a)**

13 Southwest Gas believes that the word "repaired" should be included in the text of
14 Section 123.2(a). With Southwest Gas' suggested edits, Section 123.2(a) would state:

15 Number of gas leaks **repaired** associated with causes, pipeline
16 materials, sizes, and decades of installation. (emphasis added to
17 proposed edit)

18 **B. Section 123.2(b)**

19 SED Staff's proposal in Section 123.2(b) would require gas utilities to report intervals of
20 time for repair of all system leaks¹. However, as proposed by SED Staff under Section 143.2
21 "Leak Classification and action criteria – Grade – Definition – Priority of leak repair", utilities
22 will be required to grade and repair leaks according to one of three classifications. Hazardous
23 (Grade 1) leaks require prompt continuous action until the conditions are no longer hazardous.
24 Non-hazardous leaks are further refined into either: (1) those that have the potential for
25 creating a future hazard (Grade 2) and justify scheduled repair, not to exceed 15 months, or
26 (2) those that can reasonably be expected to remain non-hazardous (Grade 3) and their repair
27 is not required.

1 Thus, Section 123.2(b) is unnecessary and would not result in a meaningful metric as
2 the repair of all hazardous leaks (Grade 1) would fall under the proposed time interval of 0-3
3 months, Grade 2 leaks up to 15 months, and Grade 3 leaks, unless repaired, would not be
4 reported. Further, the metric is duplicative in the sense that gas utilities are already required
5 to report total number of leaks and the number of hazardous leaks eliminated by repair,
6 replacement or other action.

7 **C. Section 123.2(c)**

8 SED Staff's proposal in Section 123.2(c) would require gas utilities to report response
9 times, segregated in five-minute intervals and by Division, District and/or Region. Southwest
10 Gas respectfully requests that the Commission consider the reporting of response times as an
11 average reporting time in lieu of reporting in 5 minute intervals. The proposed reporting of this
12 metric in 5 minute increment adds unnecessary complexity.

13 **D. Section 123.2(d)**

14 With the addition of Section 123.2(d), SED Staff's proposal would require gas utilities to
15 report all instances where the pipeline facility exceeded the MAOP by 50% or more of the build
16 up allowances. Under GO 112-E gas utilities are required to report events which exceed
17 MAOP plus the build up allowed for operation of pressure limiting or control device, which is
18 also consistent with 49 CFR 191.23. Under the existing reporting requirements, both the
19 CPUC and PHMSA have given consideration to the fact that the secondary pressure limiting or
20 control device requires a set pressure greater than that of the primary pressure limiting or
21 control device in order to function properly. This pressure differential is the build up allowed
22 under current regulations. To require the reporting of overpressure events which exceed
23 anything less than 100% of the build up allowed is essentially the same as requiring the
24 operator to report any event in which the MAOP is exceeded as the secondary pressure
25 limiting or control device is typically set at 100% of the allowable build up provided for by 40
26 CFR 192.201. SED Staff's proposal under this section is unnecessary and would not result in
27 a meaningful metric.

28

1 **E. Section 123.2(e)**

2 SED Staff's proposal in Section 123.2(e) requires gas utilities to report a metric which
3 tracks the amount of time it takes for changes, repairs, or new facilities to get finalized to the
4 operating maps. Due to the varied nature of facility installations which range from small
5 projects such as service lines, to very large projects that span many miles in length and may
6 take many months to complete, the time to finalize the as-built package varies considerably
7 from project to project. Southwest Gas is concerned that due to these factors, this metric may
8 not be meaningful as a comparison between gas utilities.

9 **F. Section 123.2(h)**

10 SED Staff's proposal in Section 123.2(h)(3) and (4) would require gas utilities to report
11 data regarding the number of person-days, along with total costs, devoted to damage
12 prevention related activities. Southwest Gas has concerns regarding Sections 123.2(h)(3) and
13 (4).

14 With respect to Section 123.2(h)(3), Southwest Gas has concerns regarding this metric
15 because the requested information does not reflect the effectiveness of an Operator's Damage
16 Prevention Program nor is it a meaningful metric. For example, if an operator experiences a
17 decrease in the number of person-days and/or associated total costs year-over-year for
18 excavation field activities and stand-by activities, this could be interpreted as an indication of
19 an ineffective damage prevention program, a shrinking economy, a change in wage scale, or
20 all of the above. With too many external variables outside the control of the gas utility, the
21 collection of the requested data would not result in a meaningful metric.

22 As for Section 123.2(h)(4), SED Staff's proposed reporting metric is too broad. There is
23 no safety benefit to reporting person-hours and/or costs associated with i) mark and locate
24 activities and ii) all other subsurface damage prevention activities excluding those from
25 Section (3) above. Further, all operations, maintenance, and emergency response (OM&E)
26 activities include actions or other measures to prevent pipeline damage. Southwest Gas has
27 no mechanism for extracting exact person-days or total costs that are solely dedicated to
28 damage prevention activities in each OM&E activity. Southwest Gas and its contractors

1 experience many undocumented occasions when they distribute damage prevention/811
2 information to excavators and residential occupants by hand during routine day-to-day tasks
3 and interactions. Southwest Gas does not measure the damage prevention information
4 provided on its website in person-days or total costs nor does the Company measure the
5 damage prevention advertisements and messages it distributes in person days. SED Staff's
6 proposed metric would unnecessarily complicate this work and detract from damage
7 prevention activities by requiring employees and contractors to account for all person-days
8 and total costs for such activities. Put simply, the proposed metric does not reflect the
9 effectiveness of an Operator's Damage Prevention Program and therefore is not a meaningful
10 metric.

11 Southwest Gas contributes to many organizations tasked with an assortment of
12 damage prevention subjects. Southwest Gas publishes an extensive list of these organizations
13 in its California Safety Plan as required by R.11-02-019 and the mandates of Senate Bill (SB)
14 705 as codified in the California Public Utilities Code Sections 961 and 963. Southwest Gas
15 does not track person-hours or total costs associated with participation on each of these
16 committees.

17 With respect to Section 123.2(h)(3) and (4), the cost to develop software and
18 administer the processes to track person-hours and costs associated with the numerous
19 damage prevention efforts built into OM&E and other damage prevention activities efforts
20 would be cost prohibitive and be of little or no value to the rate payer.

21 Further, with the recent amendments to GC 4216.6 under AB 811 entered into law on
22 September 6, 2013, data submitted by operators and excavators regarding excavator
23 downtime, damages, near misses, and violations shall be compiled and made available in an
24 annual report. The supplied data shall comply with Damage Information Reporting Tool's
25 minimum essential information as listed in the Common Ground Alliance's most recent Best
26 Practices Handbook. Southwest Gas believes that One Call enforcement is a more effective
27 approach to damage prevention than additional data collection beyond that required under GC
28 4216.6.

1 **G. Section 123.2(i)**

2 SED Staff's proposal for Section 123.2(i) requires reporting of lost and unaccounted for
3 gas (LUAF) values by operating Division, District and/or Region. The stated objective of this
4 metric is to quantify the volume of gas attributed to leakage on an operators system.
5 However, LUAF is an accounting mechanism to assess the difference between the gas
6 measured into the distribution system and the gas measured out of the utility system. The
7 U.S. Environmental Protection Agency (EPA) has rejected the idea of using LUAF to measure
8 or estimate emissions from the natural gas delivery system.¹ In rejecting the use of LUAF, the
9 EPA reasoned that current assessments of LUAF do not provide the desired level of data
10 accuracy and quality for informing future policy and no current studies exist that accurately
11 define the percentage of LUAF relating to system loss. In Southwest Gas' Tariff, meters are
12 not considered to be in error unless the meter registers more than two percent (2%) fast or
13 slow.

14 **H. Section 123.2(j)**

15 SED Staff's proposed Section 123.2(j) requires the reporting of certain public liaison
16 activities including whether or not public agencies attended liaison sessions. Gas utilities have
17 no power over whether or not an agency attends public liaison meetings and there is no
18 requirement for them to attend. In addition, no matter who attends a public liaison meeting, the
19 gas utility and the emergency response agencies must work together when an incident occurs.
20 This relationship is vital during emergency response situations. Southwest Gas is concerned
21 that requiring gas utilities to list which public agencies did not attend a public liaison meeting
22 on the gas utilities' website could place unnecessary strain on this relationship. Southwest
23 Gas is amenable to reporting the metric to the CPUC, however, if the CPUC desires to publish
24 the information, the publication should be reserved to the CPUC's website and should not be
25 required to be placed on the gas utilities' websites.

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¹ See EPA's "Mandatory Greenhouse Gas Reporting Rule Subpart W – Petroleum and Natural Gas: EPA's Response to Public Comments", Comment Number: EPA-HQ-OAR-2009-0923-1059-12 (November 2010) at pg. 323.

1 **IV. PRC-9**

2 In PRC-9, SED Staff proposes modification to Section 142.1 regarding the length of
3 time that plastic pipe can be subjected to unprotected outdoor exposure. Specifically, SED
4 Staff proposes a maximum length of 2 years that plastic pipe can be subjected to unprotected
5 outdoor exposure. SED Staff's 2 year proposal has no technical basis. Part 192.59
6 incorporates the specification of the American Society for Testing of Materials (ASTM) D2513
7 1999 edition. ASTM D2513-99, section A1.5.7 states:

8 Outdoor Storage Stability-PE pipe stored outdoors and unprotected
9 for **at least** two years from date of manufacture shall meet all the
10 requirements of this specification. P E pipe stored outdoors for over
11 two years from date of manufacture is suitable for use if it meets the
12 requirements of this specification. (emphasis added)

13 Further, PHMSA recently published Docket No. PHMSA-2011-0337, Notice of
14 Proposed Rulemaking (NPRM) on August 16, 2013, whereby PHMSA proposed to incorporate
15 the specifications of ASTM D 2513 2009 edition, with the exception of section 4.2 which
16 addresses rework material. ASTM D 2513-09a Section 4.10 "Outdoor Storage Stability" allows
17 for the unprotected exposure to UV for at least 10 years for Code C PE materials and at least
18 3 years for Code E PE materials.

19 Southwest Gas' manufacturer for plastic pipe comports with ASTM D-2513 The
20 Company's pipe manufacturer allows unprotected outdoor storage for up to four (4) years
21 (Code E). Southwest Gas believes that Section 142.1 should allow for the unprotected
22 outdoor exposure of plastic pipe for up to the time allowed by the manufacturer.

23 **V. PRC-11**

24 SED Staff's proposed changes in PRC-11 govern the test requirements pertaining to all
25 pipelines and provide clearance requirements not specified in federal regulations. Southwest
26 Gas offers the following comments regarding SED Staff's proposed changes to Section
27 144.3(b)(2) and Section 144.3(c).

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1 **A. Section 144.3(b)(2)**

2 SED Staff's proposed changes to Section 144.3(b)(2) governs the clearance for
3 concurrently installed facilities. SED Staff's proposal for Section 144.3(b)(2) references
4 Commission General Order 128, Rule 31.4-A2, which is a standard for electric companies.
5 Southwest Gas does not believe that reference to General Order 128, Rule 31.4-A2 is
6 necessary. Instead, the Company believes that Section 144.3(b)(2) should state the standard
7 (clearance of at least 12 inches when paralleling and by at least 6 inches when crossing)
8 rather than refer to another General Order that contains a standard.

9 **B. Section 144.3(c)**

10 Southwest Gas recommends the CPUC include the word "gas" in front of facilities in
11 Section 144.3(c). With Southwest Gas' proposed edit, Section 144.3(c) would state as follows:

12 In all instances where the required separations cannot be
13 maintained, it is the responsibility of the party installing **gas** facilities
14 to assure that the reduced separations assure the integrity of the gas
15 pipeline facilities, which includes any cathodic protection that may be
16 applied to the gas pipeline facilities. (emphasis added to suggested
17 edit)

16 **VI. PRC-12**

17 In PRC-12, SED Staff recommends a new standard for recordkeeping requirements
18 relating to transmission lines. Southwest Gas' comment with respect to SED Staff's
19 recommended Section 145.1 is that the regulation should acknowledge that the 75-year
20 retention requirement is not retroactively effective and that gas utilities shall not be held in
21 violation of Section 145.1 for not maintaining 75 years' worth of records prior to the effective
22 date of the new regulation.

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1 **VII. CONCLUSION**

2 Southwest Gas appreciates the opportunity to provide these Comments and looks
3 forward to its continued participation in this docket.

4 Dated this 27th day of September, 2013.

5
6 Respectfully submitted,
7 SOUTHWEST GAS CORPORATION

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