

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the)
Commission's Own Motion to Adopt New) R. 11-02-019
Safety and Reliability Regulations for Natural) (Filed February 24, 2011)
Gas Transmission and Distribution Pipelines)
and Related Ratemaking Mechanisms.)
_____)

**COMMENTS OF CENTRAL VALLEY GAS STORAGE, LLC (U-915-G)
ON PROPOSED REVISIONS TO GENERAL ORDER 112-E**

HOGAN LOVELLS US LLP
Christopher A. Schindler
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004
Telephone: (202) 637-5723
Email: christopher.schindler@hoganlovells.com

Attorneys for Central Valley Gas Storage, LLC

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Pursuant to the Assigned Commissioner’s Amended Scoping Memo (“ASM”), Central Valley Gas Storage, LLC (“Central Valley”) hereby submits these Comments on the Proposed Changes to General Order 112-E (“Comments”). 1/

Central Valley owns a natural gas storage facility in California, along with the attendant pipeline facilities to interconnect that storage facility to Pacific Gas and Electric’s (“PG&E”) system. Central Valley’s pipeline facilities are relatively limited, totaling roughly fifteen miles in length. These are Central Valley’s only pipeline facilities.

Central Valley does not transport gas except as incidental to providing storage service. Storage customer gas is delivered by PG&E to Central Valley for injection into storage. Upon withdrawal from storage, Central Valley returns the storage customer’s gas to the PG&E system. Central Valley does not offer a separately tariffed transportation service. Central Valley renders storage service at market-based rates as authorized by the Commission.

1/ Amended Scoping Memo and Rulings of the Assigned Commissioner, No. R 11-02-019 (May 2, 2013).

I. INTRODUCTION AND PROCEDURAL HISTORY

On February 24, 2011, the Commission instituted this proceeding with its 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 (“OIR”). ^{2/} The Commission intends for this proceeding to establish new rules for the safe and reliable operation of natural gas pipelines in California. ^{3/} As part of this effort, the OIR proposed revisions to General Order 112-E and provided a list of topics upon which new rules would likely be proposed. ^{4/} The OIR solicited comments on the proposed revisions and new-rule topics. ^{5/} Various Parties filed comments in response to the OIR.

After hearings on other issues in the OIR, the Assigned Commissioner issued the ASM on General Order 112-E revisions. ^{6/} The ASM provided a new schedule for the Safety and Enforcement Division (“SED”) to update the General Order 112-E revisions proposed in the OIR. It also expanded the scope of the rulemaking to include reporting metrics for gas system operators. The new schedule called for SED to hold a workshop on reporting metrics for gas system operators and then provide updated proposed revisions to General Order 112-E. Pursuant to this schedule, SED held a workshop on reporting metrics for gas system operators on June 27, 2013. SED then provided its proposed revisions to the new rule on August 15, 2013 (“Proposed Revisions”). Parties were then given an opportunity to provide SED with written feedback on the Proposed Revisions, attend another workshop on the changes, and file written comments no

^{2/} Order Instituting Rulemaking, No. R. 11-02-019 (Issued Feb. 25, 2011).

^{3/} *Id.* at 2.

^{4/} *Id.* at Attach. A – Attach. B.

^{5/} *Id.* at 23.

^{6/} Amended Scoping Memo and Rulings of the Assigned Commissioner, No. R 11-02-019 (May 2, 2013).

later than September 27, 2013. Pursuant to the ASM schedule, Central Valley hereby provides its comments on the SED's Proposed Revisions.

II. COMMENTS

Central Valley applauds and supports the Commission's efforts to improve the safety of California's natural gas pipeline system. Overall, Central Valley believes the proposed revisions to General Order 112-E are sensible improvements to the current rules. Central Valley offers the limited comments below simply to clarify certain Proposed Revisions and suggest that exemptions from a few requirements in Section 123.2 may be appropriate for Central Valley as a small independent service provider ("ISP").

A. PRC-3

The newly added definition of "near-miss events" should be removed from Section 105 as inapplicable. The Proposed Revisions add a number of definitions to Section 105 to define terms related to new metrics and clarify the existing General Order 112-E requirements. Among the new terms added is a definition for "near-miss events." It is unclear, however, how this newly defined term relates to the rest of the rule. A "near-miss event" is not referenced elsewhere in the Proposed Revisions or the current rule. Adding this definition in isolation is more likely to create, instead of eliminate, confusion. Accordingly, this definition should be eliminated in the interest of clarity.

B. PRC-4

Sections 122.2(a)(4) and 122.2(d)(6) should be revised to clarify that only unplanned events involving a shutdown must be reported. The Proposed Revisions to 122.2 add requirements to report over-pressure and under-pressure incidents to the Commission. The Proposed Revisions to Section 122.2(a)(4) and 122.2(d)(6) requires reporting of any incident

involving under-pressure conditions “or any other event” that results in a shut-down of any part of a pipeline system. This “any other event” language is broad enough that it could be read to require reporting of shut-downs for planned maintenance. It does not appear these sections were intended to include such a broad reporting requirement. Thus, Central Valley suggests adding the word “unplanned” immediately before “event” in these sections (*i.e.*, so the phrase would read “any other unplanned event”) for clarity. This clarification would eliminate the possibility of this language being misinterpreted to require reporting for shut downs involving planned maintenance.

C. PRC-5

Proposed Revisions’ Section 123.2 should be revised: (i) to clarify that its intent is to mirror, as opposed to expand upon, existing recordkeeping requirements; (ii) to exempt Central Valley, as a small ISP, from certain requirements that would be unduly burdensome to implement in relation to any safety benefit rendered; and (iii) to avoid potential issues with the public liaison activities.

1. Clarification of Existing Requirements

The Commission should confirm that operators not currently tracking Lost and Unaccounted for Gas (“LAUF”) need not start tracking it to comply with this requirement. Section 123.2(i) requires operators to report the causes of LAUF Gas tracked as part of the operator’s operation. Central Valley is not currently required to track LAUF for its operations nor is it tracking it given its limited facilities and operations and market-based rate status. Thus, Central Valley requests that the Commission confirm that it is not imposing a new obligation on operators to track LAUF where they are not otherwise required to do so.

2. Exemptions for Central Valley

The Commission should consider exempting Central Valley from Sections 123.2 (c), (e), and (h) due to their limited relevance to a small ISP like Central Valley. Although these requirements make sense for service providers with large systems, complying with these requirements would be unduly burdensome for a small ISP like Central Valley in comparison to any safety benefit rendered.

a. 123.2(c)

The Commission should exempt Central Valley from Section 123.2(c) because collecting this information will not provide meaningful data for a small ISP like Central Valley. Section 123.2 requires operators to track the time it takes to respond to reported leaks in five minute intervals and report that information to the Commission. Although this requirement may provide a useful performance metric for large utilities that have a significant number of leaks over time, it is unlikely to render meaningful trending data for a small ISP. Because Central Valley's pipeline facilities are so limited, it experiences leaks much less frequently. For example, Central Valley has experienced only one minor leak since it started operations, and it promptly repaired the leak and included the incident in its Quarterly Summary Report as required by Section 122.2 (d) of General Order 112-E. Central Valley fully supports requirements to promptly repair and report leaks as appropriate. However, given that leaks are much less frequent for small ISPs, tracking response times in five-minute increments is unlikely to render any meaningful trending data to improve performance. Indeed, it will add unnecessary administrative burdens and compliance risk for a small ISP like Central Valley without rendering any meaningful safety benefit. Therefore, Central Valley requests the Commission exempt it from this requirement. Alternatively, if the Commission decides Central Valley should track this information, the

Commission should develop a standard form for ISPs to complete and submit to help minimize the administrative burden and help ensure that the information submitted meets the Commission's requirements.

b. 123.2(e)

The Commission should exempt Central Valley from Section 123.2(e) because, as with Section 123.2(c), collecting this information will not provide meaningful data when applied to a small ISP like Central Valley. Section 123.2(e) requires operators to report the amount of time it takes for changes, repairs, or new facilities to be reflected in the operator's facility maps. Unlike a large service provider that makes system changes regularly, Central Valley will very rarely makes changes to its system as a small ISP. As a result, tracking this information will not provide meaningful data to establish trends for Central Valley. Accordingly, the Commission should exempt Central Valley from this requirement because the potential benefits do not justify the administrative burden.

c. 123.2(h)

As a small ISP, Central Valley should be exempt from Sections 123.2(h)(3) and (4) because complying with these requirements will be unduly burdensome without rendering meaningful safety benefits. Sections 123.2(h)(3) and (4) require tracking the number of person-days and costs devoted to damage prevention activities. Damage prevention is, of course, of primary importance to Central Valley. However, in the case of an ISP like Central Valley, the specific information tracking required by these sections is unlikely to render any significant safety benefits. As a general matter, Central Valley echoes the concerns expressed by Southwest Gas regarding the usefulness of this metric given that it does not necessarily reflect the

effectiveness of an operator's Damage Prevention Program. ^{7/} Even assuming this information could render useful information for larger utilities, a small ISP like Central Valley is not similarly situated because it will have significantly fewer instances of damage prevention activities. Given that Central Valley receives significantly fewer calls than large utilities for excavation damage prevention, it is unclear how measuring the person-days and costs is a meaningful metric.

Moreover, complying with this requirement as a small ISP would impose significant burdens on Central Valley. As just one example, the Central Valley's automated personnel systems are not set-up to track the information proposed in Sections 123.2(h)(3) and (4), and modifying these systems to capture such information would involve significant time and expense. Given the limited benefit this information would provide, this burden is unlikely to be justified. Accordingly, Central Valley requests the Commission exempt it from this requirement.

3. Other Issues

Central Valley agrees with the concerns expressed by Southern California Gas and San Diego Gas and Electric concerning posting certain information about public liaison activities pursuant to Section 123.2(j). ^{8/} Specifically, requiring a list of meeting attendees to be posted on the internet as contemplated in Section 123.2(j) may be counter-productive to the relationships with first responders. Central Valley believes that it would be more productive to provide relevant public liaison activity information to the Commission without requiring this information to be publicly posted.

^{7/} Southwest Gas Letter to Sunil Shori, Safety and Enforcement Division, California Public Utilities Commission at 6 (July 13, 2013).

^{8/} Southern California Gas Company Letter to Sunil Shori, Safety and Enforcement Division, California Public Utilities Commission at 6 (July 13, 2013).

D. PRC-14

Section 162.4 should be revised to clarify that written operations and maintenance plans are only required to the extent that operators own and operate mobile LNG equipment. As currently drafted, the Proposed Revisions in Section 162.4 would require all operators to update their operations and maintenance plans to address the use of mobile LNG equipment regardless of whether the operator uses such equipment. Central Valley does not believe it was the intent of the Commission to require operators to submit written operation and maintenance plans for equipment that they do not own or operate. Accordingly, Central Valley suggests adding the underlined language below to Section 162.4 so that it reads as follows:

All operators must include mobile LNG equipment within the written operations and maintenance plans required by 49 CFR, Part 192, §192.605, to the extent that they own and operate that equipment. Such Operators must provide written, detailed, procedures for the operation and maintenance of their mobile LNG units. These procedures must include a requirement to perform operational tests of mobile LNG equipment, after any modifications are performed to the equipment (including computer equipment and software) that could affect equipment operation, before using modified equipment for actual field use.

These revisions would clarify that this requirement applies only to operators that use mobile LNG equipment.

III. CONCLUSION

WHEREFORE, Central Valley respectfully requests that the Commission adopt the changes as discussed above.

Respectfully submitted,
/s/ Christopher Schindler
Christopher Schindler
Hogan Lovells US LLP
Counsel for Central Valley Gas Storage, LLC

Dated: September 27, 2013