

**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
Mechanisms

Rulemaking 11-02-019
(Filed February 24, 2011)

MOTION OF THE CITY OF SAN CARLOS REQUESTING PARTY STATUS

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October 11, 2013

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I. INTRODUCTION

Pursuant to Rule 1.4 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, the City of San Carlos (“San Carlos”) respectfully moves for party status in Rulemaking 11-02-019 (“R.11-02-019”).

II. SAN CARLOS REQUESTS PARTY STATUS IN R.11-02-019

A. DESCRIPTION OF SAN CARLOS

San Carlos is a general law city and political subdivision of the State of California, existing under and by virtue of the laws of the State of California. The City is located in San Mateo County, approximately twenty-five (25) miles south of San Francisco, with a population of approximately 28,000 residents.

PG&E owns and operates Line 147, a high pressure gas transmission line, that traverses through the City of San Carlos from west to east roughly parallel with Brittan Avenue in densely developed areas that include numerous businesses, approximately 3,000 to 5,000 nearby residences, two parks and community facilities.

B. STATEMENT OF INTEREST

On September 9, 2010, PG&E's high pressure gas line 132 ("Line 132") exploded in the City of San Bruno, resulting in 8 deaths, widespread injuries and the destruction of 38 homes (the "Line 132 Explosion"). The Commission's Consumer Protection and Safety Division ("CPSD")¹ determined that PG&E was at fault for the Line 132 Explosion, finding that, among numerous violations of state and federal law,² PG&E (1) relied on records that did not represent the actual conditions of the pipe that exploded;³ and (2) did not run tests that could have determined the pipeline vulnerability to failure.⁴ CPSD's conclusions regarding PG&E's culpability for the Line 132 Explosion are not isolated. According to the National Transportation Safety Board ("NTSB"), the probable cause of the Line 132 Explosion was PG&E's:

(1) inadequate quality assurance and quality control in 1956 during its Line 132 relocation project, which allowed the installation of a substandard and poorly welded pipe section with a visible seam weld flaw that, over time grew to a critical size, causing the pipeline to rupture during a pressure increase stemming from poorly planned electrical work at the Milpitas Terminal; and (2) inadequate pipeline integrity management program, which failed to detect and repair or remove the defective pipe section.⁵

¹ CPSD became the Safety and Enforcement Division ("SED") effective January 1, 2013; however for the sake of consistency in R.11-02-019, the former is used herein.

² See, e.g. Opening Brief of the Consumer Protection and Safety Division in I. 12-01-007 at Appendix C (March 11, 2013).

³ See, e.g. Opening Brief of the Consumer Protection and Safety Division in I.12-01-007 at 18 (March 11, 2013) ("Segment 180 [of Line 132] originally was documented in PG&E records as being 30-inch diameter seamless steel pipe with a 0.375 inch wall thickness and having a Specified Minimum Yield Strength (SMYS) of 52,000 psi, installed in 1956. PG&E obtained this material specification information for Segment 180 from accounting records rather than engineering records. (CPSD-1, p.16.) PG&E's identification of the entire length of Segment 180 as a seamless pipe was incorrect. (CPSD-1, p.7, p.47.)"); see also, *Id.* at 42 (cataloguing numerous errors in PG&E records with respect to Line 132).

⁴ See, e.g. Opening Brief of the Consumer Protection and Safety Division in I. 12-01-007 at 15 (March 11, 2013) ("visual examination of the pipe would have detected the anomalous and defective welds."); see also, *Id.* at 50 (describing PG&E avoidance of hydrostatic testing or in-line inspections on Line 132); see also, *Id.* at 108 ("In 2008 and 2010, PG&E also considered upgrading Line 132 for ILI from MP 0.00 to MP 32.93, but the project was delayed due to lack of resources to perform engineering work and PG&E's changing criteria for choosing ILI/ECDA"(citations omitted)).

⁵ NTSB Report at 127.

PG&E Line 147 traverses San Carlos from west to east roughly parallel with Brittan Ave in a neighborhood and with geography and topography that bears a strong resemblance to those areas devastated by the Line 132 Explosion. It has come to the City's attention that PG&E is operating Line 147 based upon assumptions concerning the strength of the pipe, its welds, design and fabrication which are incorrect and not consistent with actual field survey, or "as built" information. In the interest of protecting the safety of those people that live, work and visit San Carlos in proximity to Line 147 every day, the City seeks party status in R.11-02-019. The City's concerns regarding Line 147 are real and immediate.

On October 31, 2011, PG&E submitted pipeline features data required by Commission decisions⁶ in support of the utility's request for Commission authorization to increase the pressure on Line 147 and other related natural gas pipelines.⁷ Based on PG&E's representations, the Commission authorized PG&E to increase pressure on Line 147 to as much as 365 psig on December 15, 2011.⁸ As early as October and November of 2012, PG&E determined that the information it had provided the Commission on Line 147 was not correct.⁹

PG&E waited months to bring the Line 147 errors to the Commission's attention.¹⁰ Specifically, PG&E did not inform the Commission of the errors in the data the utility had used to support increased pressure on Line 147 until July 3, 2013 (the "Line 147 Errata").¹¹ The Commission deemed the facts in PG&E's Line 147 Errata "profoundly troubling," and directed

⁶ D.11-09-006 at OP 4; D.11-10-010 at OP 3 - 5.

⁷ Pacific Gas and Electric Company's Supporting Information for Lifting Operating Pressure Restrictions on Lines 101, 132A and 147 (October 31, 2011).

⁸ D.11-12-048.

⁹ Verified Statement of Pacific Gas and Electric Company's Vice President of Gas Transmission Maintenance and Construction in Response to Ruling of Assigned Commissioner and Assigned Administrative Law Judge ("Verified Statement"), p. 6, ¶ 25 and p.7, ¶ 27 and 28 (R.11-02-019, August 30, 2013); *See also*, Verified Statement at p.8, ¶ 33.

¹⁰ Errata to Pacific Gas and Electric Company's Supporting Information for Lifting Operating Pressure Restrictions on Lines 101 and 147 (July 3, 2013).

¹¹ *Id.*

PG&E to appear and show cause why all prior Commission decisions authorizing increased pressures on utility gas lines should not be stayed on August 19, 2013.¹²

On October 3, 2013, PG&E provided San Carlos with copies of intra-utility email exchanges that call into question the safety of said Line 147 and PG&E's representations to the Commission concerning the safety of the line, all of which contradict prior assurances from PG&E to San Carlos that Line 147 is safe (the "PG&E Emails"). In the PG&E Emails obtained by San Carlos, a PG&E employee whose name was redacted with expertise in the gas transmission field went beyond expressing mere concern about Line 147, to raise a horrifyingly real fear that visitors and residents of San Carlos might be "sitting on a San Bruno situation" due to the condition of Line 147. According to the PG&E Emails:

- Line 147 consisted of AO Smith seamed pipe that did not conform with PG&E's records for Line 147.
- Sections of Line 147 were comprised of pipe from 1929, which was only tested by the utility to 1.5 times the Maximum Allowable Operating Pressure ("MAOP") in 2011;
- The section of Line 147 pipe in question was a thin wall pipe, with evidence of external corrosion that had been determined to be the cause of a leak that had to be repaired in October 2012; and
- A PG&E employee questioned whether the hydrostatic testing that was performed in 2011 could have contributed to additional cracking in Line 147 and activated a threat of failure.

San Carlos requests party status in R.11-02-019 to ensure that PG&E recordkeeping, maintenance and operation of Line 147 satisfies the utilities obligations under the Public Utilities

¹² *Ruling of Assigned Commissioner and Assigned Administrative Law Judge Directing Pacific Gas and Electric Company to Appear and Show Cause Why all Commission Decisions Authorizing Increased Operating Pressure Should Not be Stayed Pending Demonstration That Records are Reliable* at 6 (August 19, 2013). PG&E and its legal team also faces sanctions for violation of Commission Rule 1.1 in connection with the utility's filing of the Line 147 Errata. *See, Chief Administrative Law Judge and Assigned Administrative Law Judges' Ruling Directing Pacific Gas and Electric Company to Show Cause Why it Should Not be Sanctioned by the Commission for Violation of Rule 1.1 of the Commission's Rules of Practice and Procedure* (August 19, 2013).

Code (including Section 451), Commission General Order 112-E and PG&E's franchise agreement with the City, and that the Line does not present a public safety threat to the community.

C. NOTICE

Service of notices, orders, and communications and correspondence in this proceeding should be directed to the City of San Carlos City Manager Jeff Maltbie and the City Attorney Gregory J. Rubens at the addresses as set forth below.

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III. CONCLUSION

For the reasons set forth herein, San Carlos respectfully requests that the Commission expeditiously grant this Motion for Party Status in R.11-02-019.

Respectfully submitted,

/s/ Gregory J. Rubens

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