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December 17, 2013

John A Gale
Director, Standards and Rulemaking Division
USDOT/PHMSA
1200 New Jersey Ave, SE
Washington DC 20590.

RE: Interpretation of the 49 CFR Part 192.611 MAOP and Class Location Change

Dear Mr. Gale,

PG&E requested an interpretation from our state regulator, the California Public Utilities Commission (CPUC) Safety and Enforcement Division (SED), of Title 49 CFR Part 192.611 to establish the maximum allowable operating pressure for gas pipelines that have had a class location change related to current operation of specific segments of our natural gas transmission pipeline system.¹ The SED has requested we contact PHMSA directly for an interpretation.

Historically, the pipeline segments in question may have had an undocumented class location change sometime before 1971, were operated relying on the federal regulatory “grandfather clause” in 49 CFR 192.619(c),² and have had a subsequent Subpart J pressure test (after 1974) for a period of not less than 8 hours (in accordance with the relevant code sections).

Historically, we have interpreted the requirements of 49 CFR 192.611 (a)(1)(i) based on the current language in the code:

- “(a) ...the maximum allowable operating pressure of that segment of pipeline must be confirmed or revised according to one of the following requirements:
- (1) If the segment involved has been previously pressure tested in place for a period of not less than 8 hours:

¹ See Attachments 1-4 for requested interpretation and supporting information submitted to the SED.

² This clause provides: “An operator may operate a segment of pipeline found to be in satisfactory condition, considering its operating and maintenance history, at the highest actual operating pressure to which the segment was subjected during the 5 years from July 1, 1965 to July 1, 1970.”

- i. The maximum allowable operating pressure is 0.8 times the test pressure in Class 2 locations, 0.667 times the test pressure in Class 3 locations, or 0.555 times the test pressure in Class 4 locations. The corresponding hoop stress may not exceed 72 percent of SMYS of the pipe in Class 2 locations, 60 percent in Class 3 locations, or 50 percent of SMYS in Class 4 locations.

This requirement in the code is often referred to as operating a pipeline “one class-out” since appropriately tested pipelines can operate at pressures one class above the general design factors of 49 CFR 192.111(a) but this section also provides a limit on the operating pressure operators can establish under 192.619 (c).

Under 192.619(c), operators who established MAOP using historical operating pressures are still required to “comply with 192.611”.³ Section 192.611 requires operators to confirm that the hoop stress at which a pipeline segment can operate is commensurate with the class location per that section. Section 192.611 contemplates that an operator can use a pressure test to establish MAOP outside of the 24-month period following a change in class. In addition, the MAOP confirmed or revised in accordance with this section, must not exceed the MAOP established before the confirmation or revision, in accordance with 49 CFR 192.611 (b).

In June 2011, the CPUC ordered in-state operators who were relying on the federal regulatory “grandfather clause” in 49 CFR 192.619(c)⁴ to validate the MAOP of grandfathered pipelines via pressure tests.⁵

PG&E has historically relied on both 192.619(c) and 192.611, using pressure tests to establish MAOP to operate one class-out. We are unclear whether we can continue to use this method to operate one class-out in light of the CPUC’s order amending 192.619(c) in California.⁶

PG&E also recently identified a repealed section of the code, 49 CFR 192.607 (Initial Determination of Class Location and Confirmation or Establishment of Maximum Allowable Operating Pressure). The repealed section required operators during 1970-

³ From 1970 to 1974, operators were required to comply with the now-repealed 192.607

⁴ This clause provides: “An operator may operate a segment of pipeline found to be in satisfactory condition, considering its operating and maintenance history, at the highest actual operating pressure to which the segment was subjected during the 5 years from July 1, 1965 to July 1, 1970.”

⁵ 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., CPUC D.11-06-017 (June 2011)

⁶ The interaction of these code provisions can be seen in the comments filed for PHMSA’s Integrity Verification proceeding (Docket: PHMSA-2013-0119 which is considering, among other things, eliminating the grandfather clause from the federal pipeline safety code.)

1974 to confirm the MAOP (in accordance with 49 CFR 192.611) relative to class locations by December 31, 1974. This regulatory requirement applied to pipelines operating at greater than 40% SMYS, and was removed from the code in 1996.

A very conservative interpretation of the repealed 49 CFR 192.607 could conclude that a pressure test conducted **after 1974** cannot be used to allow a pipeline to operate one class-out if that pipeline changed up in class before April 15, 1971, because the operator did not confirm a pipeline's class location during 1970-1974. This would mean that more recently conducted Subpart J pressure tests, including those with spike tests, cannot support a pipeline operating one class-out, but historic tests performed prior to 1974 can. From an engineering safety perspective, we believe it is both logical and appropriate going forward to use post-1974 pressure tests to validate MAOP.

As an example: Assume a segment of pipe installed in a Class 2 location operating at an MAOP of 360 psig (60% of SMYS) changed to Class 3 in 1969. If we strength tested that pipe to 540 psig (1.5 times MAOP) in 1973, we could operate it one class-out with an MAOP of 360 psig (60% SMYS). If, on the other hand, we strength tested the pipe 40 years later – in 2013 – to 540 psig or even higher, we could only operate it at an MAOP of 300 psig (50% SMYS) solely because the strength test did not occur before December 31, 1974. This is the case even though, from an engineering and public safety perspective, the more recent pressure test would have more value than the 1973 pressure test.

PG&E requests your confirmation and guidance on the interpretation of 49 CFR 192.611 that we can rely on a post-1974 pressure test to establish MAOP in the circumstances described above.

Sincerely,

A handwritten signature in black ink, appearing to read "Jane Yura", with a stylized, cursive script.

Jane Yura

cc: Elizaveta Malashenko, California Public Utilities Commission,
Deputy Director Safety and Enforcement Division

Attachment 1: October 9, 2013 PG&E Request for Interpretation

Attachment 2: December 4, 2013 PG&E Additional Information

Attachment 3: 1998 PHMSA How to determine MAOP

Attachment 4: August 11, 2010 PHMSA Interpretation PI-09-0021 New Mexico