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Elizaveta Malashenko
Deputy Director, Office of Utility Safety and Reliability
Safety and Enforcement Division, California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: October 9, 2013 Request for Interpretation of Class Location and Established
Maximum Allowable Operating Pressure

Dear Ms. Malashenko,

We are providing additional information that may be helpful to SED's analysis of our October 9, 2013, request on the interpretation of the current Title 49 Code of Federal Regulations (CFR) 192.611. In our prior letter, we asked for guidance on whether PG&E can rely on pressure tests¹ to operate one class-out, regardless of the year in which those tests were performed. We believe it is both logical and appropriate going forward to use post-1974 pressure tests to validate MAOP.

To help support that conclusion, we are attaching:

- A. PHMSA's 1998 guidance to all natural gas operators called "Determination of Maximum Allowable Operating Pressure in Natural Gas Pipelines."
- B. PHMSA's 2010 guidance to the New Mexico Public Regulation Commission.

While neither addresses the "one class-out" issue directly, we believe these documents, along with the Commission's June 2011 decision to use pressure tests to validate MAOP on previously untested pipe, further underscore the primacy of pressure testing to confirm a pipeline's safe operating pressure regardless of when the test was conducted.

Clarification of June 2011 decision eliminating 192.619(c)

Our continued analysis of this issue following our October 9 letter has identified the need for further clarification of the Commission's June 2011 decision which eliminated the

¹ "Pressure test" in this letter refers to a test meeting the requirements of Subpart J— Test Requirements.

federal regulatory “grandfather clause” in 192.619(c),² and required MAOP validation of grandfathered pipelines via pressure tests.

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 can be read to permit an operator to use a pressure test to establish MAOP outside of the 24-month period following a change in class.

PG&E has historically relied on both 192.619(c) and 192.611, using pressure tests to establish MAOP to operate one class-out. PG&E is unclear whether it can continue to use this method to operate one class out” in light of the June 2011 decision.⁴

Attachments

A. Determination of Maximum Allowable Operating Pressure

PHMSA has provided guidance on the use of pressure tests to establish and verify MAOP. It originally issued instructions in 1998 (which are still in effect today) in a document called “Determination of Maximum Allowable Operating Pressure in Natural Gas Pipelines”. This guidance was issued two years after Section 192.607 was repealed, and makes no mention of restrictions on the use of pressure tests to establish or verify MAOP post-1974. We believe it supports the following principles:

- i. A pressure test can be used not only after initial construction, but also later (stating that 49 CFR 619(a)(2) applies “not only to tests made after initial construction of the pipeline or system” but also to tests of any pipe “connected to the original pipe, and to any replacement pipe.”) (See middle of second page).
- ii. The most recent pressure test should be the basis of establishing MAOP (stating, “[i]f more than one pressure test has been conducted, the most recent test controls.”) (See middle of second page).
- iii. Using historical records to establish MAOP under 192.619 (c) can result in an MAOP that is higher than the design pressure (stating, Section 192.611(c) “may be used to set the MAOP in lieu of the design pressure” and “even if that pressure exceeds the pressure rating for the component.”) (See top of second page).

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.”

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

⁴ 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.)

B. Letter to New Mexico Regulation Commission

In 2010, PHMSA reiterated its reliance on pressure tests to establish MAOP for segments for which MAOP was previously established under the grandfather clause. In its interpretation letter to the New Mexico Public Regulation Commission, pipeline segments were operating before July 1970 and no pressure test had been conducted after 1965. In addition, the records supporting the historical pressures were insufficient. While such records are not at issue in our situation, we believe this letter indicates PHMSA's support for using a pressure test, at any time, to establish and verify MAOP.

Conclusion

As we have discussed, this issue has operational consequences for the delivery of natural gas during severe cold weather. We hope these documents provide SED with additional support for allowing PG&E to rely on pressure testing to establish MAOP using the "one-class out" provision.

Sincerely,

A handwritten signature in black ink, appearing to read "Jane Yura", with a stylized flourish at the end.

Jane Yura
Vice-President, Asset & Risk Management

Attachment A: Determination of Maximum Allowable Operating Pressure
Attachment B: Letter to New Mexico Regulation Commission