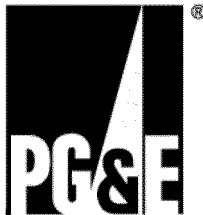


Proceeding: R.11-02-019
Exhibit No.: _____
Date: _____

PACIFIC GAS AND ELECTRIC COMPANY

**March 17, 2008 Letter from Jeffrey D. Wiese (PHMSA) to Dennis
Fothergill**

(<http://phmsa.dot.gov/staticfiles/PHMSA/DownloadableFiles/Files/Pipeline/SP/PHP-08-0074%20signed%2017%20Mar%202008.pdf>)





U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, D.C. 20590

MAR 17 2008

Mr. Dennis Fothergill
Regulatory Program Manager
Pipeline Safety Department
Transportation Division
Oklahoma Corporation Commission
P.O. Box 52000
Oklahoma City, OK 73152-2000

Dear Mr. Fothergill:

The Pipeline and Hazardous Materials Safety Administration (PHMSA) reviewed your letter of January 23, 2008, notifying us that the Oklahoma Corporation Commission (Commission) granted CenterPoint Energy Resources Corp doing business as CenterPoint Energy Oklahoma Gas (CenterPoint) a waiver of compliance from state regulation 49 CFR 192.619(a)(3) [as adopted by the Commission in OAC 165: 20-5-21] for 138 low-pressure distribution system pipeline segments in Oklahoma. The regulations in § 192.619(a)(3) limit the maximum allowable operating pressure (MAOP) of a steel or plastic pipeline segment installed prior to July 1, 1970, to the highest actual operating pressure the segment was subjected to during the 5 years preceding July 1, 1970.

The Federal pipeline safety regulations in § 192.619(a) limit the MAOP of a pipeline installed prior to July 1, 1970, to the lowest of the following four pressures:

- The design pressure of the weakest element in the segment per § 192.619(a)(1);
- The pressure obtained by dividing the pressure to which the segment was tested after construction by the applicable factor per § 192.619(a)(2);
- The highest actual operating pressure the segment was subjected to during the 5 years preceding July 1, 1970 per § 192.619(a)(3); or
- The pressure determined by the operator to be the maximum safe pressure after considering the history of the segment per § 192.619(a)(4).

A pipeline operator would need data to support all four pressures listed above to establish the MAOP of a pipeline segment using § 192.619(a).

When these rules were first promulgated in 1970, PHMSA recognized that an operator may not have all the pressure data needed for existing pipelines. Therefore, we included in the rules a “grandfather clause” to allow pipeline operators to establish the MAOP of an existing pipeline segment in satisfactory condition, and considering its operating and maintenance history, at the highest actual operating pressure to which the segment was subjected during the 5 years prior to July 1, 1970. This “grandfather clause” is codified in § 192.619(c), not § 192.619(a)(3).

The operator at the time the regulations were promulgated in 1970 should have established the MAOP for each of these 138 low-pressure segments by using either § 192.619(a) or § 192.619(c). Moreover, there are additional MAOP restrictions for low-pressure distribution systems in § 192.623. Subsequently, the MAOP of these segments can only be increased in accordance with 49 CFR Part 192, Subpart K- Uprating, not § 192.619(a) or § 192.619(c), and with consideration of § 192.623. Accordingly, if CenterPoint wishes to increase the existing MAOPs, they should seek relief from the uprating regulations and the low-pressure distribution system regulations, if required, not from § 192.619(a)(3).

Unfortunately, no data was submitted with the waiver grant to PHMSA regarding the existing MAOPs of these 138 segments. Nor is it clear why CenterPoint is seeking MAOP relief, if as you state in your letter, "*CenterPoint requested the MAOP for these 138 low pressure gas distribution pipeline segments be established at 1.00 psig, which is the current and historical maximum operating pressure for these segments.*" If these segments have been historically operated up to 1.00 psig, then the existing MAOPs must already be at least 1.00 psig or the segments have been historically operated in violation of the pipeline safety regulations. If so, this needs to be addressed before a waiver is granted.

PHMSA is unable to fully evaluate this waiver grant without additional information. For example, why is CenterPoint establishing MAOPs in 2008 for pipeline segments that have been operating for over 50 years? Are there any open enforcement actions regarding the historical operation of these segments up to 1.00 psig? How does CenterPoint propose to meet the requirements in § 192.623, when it is known that many gas appliances are rated for 0.5 psig or less, not 1.00 psig?

For the reasons stated above, PHMSA objects to this waiver and the Commission's order is stayed. The Commission may appeal this matter. However, because the waiver of § 192.619(a)(3) is inappropriate, PHMSA suggests that CenterPoint resubmit its application to the Commission and that the Commission grant a new waiver, if appropriate. The new waiver grant must specifically identify the state pipeline safety regulation the Commission is waiving and must include new information from the petitioner to justify granting the waiver. This new information should include, at a minimum, technical evidence to substantiate that an MAOP of 1.00 psig for these 138 low-pressure distribution pipeline segments would result in equivalent or greater safety than an MAOP established using the methods currently allowed in the Federal pipeline safety regulations in 49 CFR Part 192.

If you wish to discuss this waiver or any other pipeline safety matter, my staff would be pleased to assist you. Please call Barbara Betsock, Acting Director of Regulations at 202-366-4361 for regulatory matters or Alan Mayberry, Director of Engineering and Emergency Support at 202-366-5124 for technical matters.

Sincerely,



Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety