



Safety and Enforcement Division Office of Utility Safety and Reliability

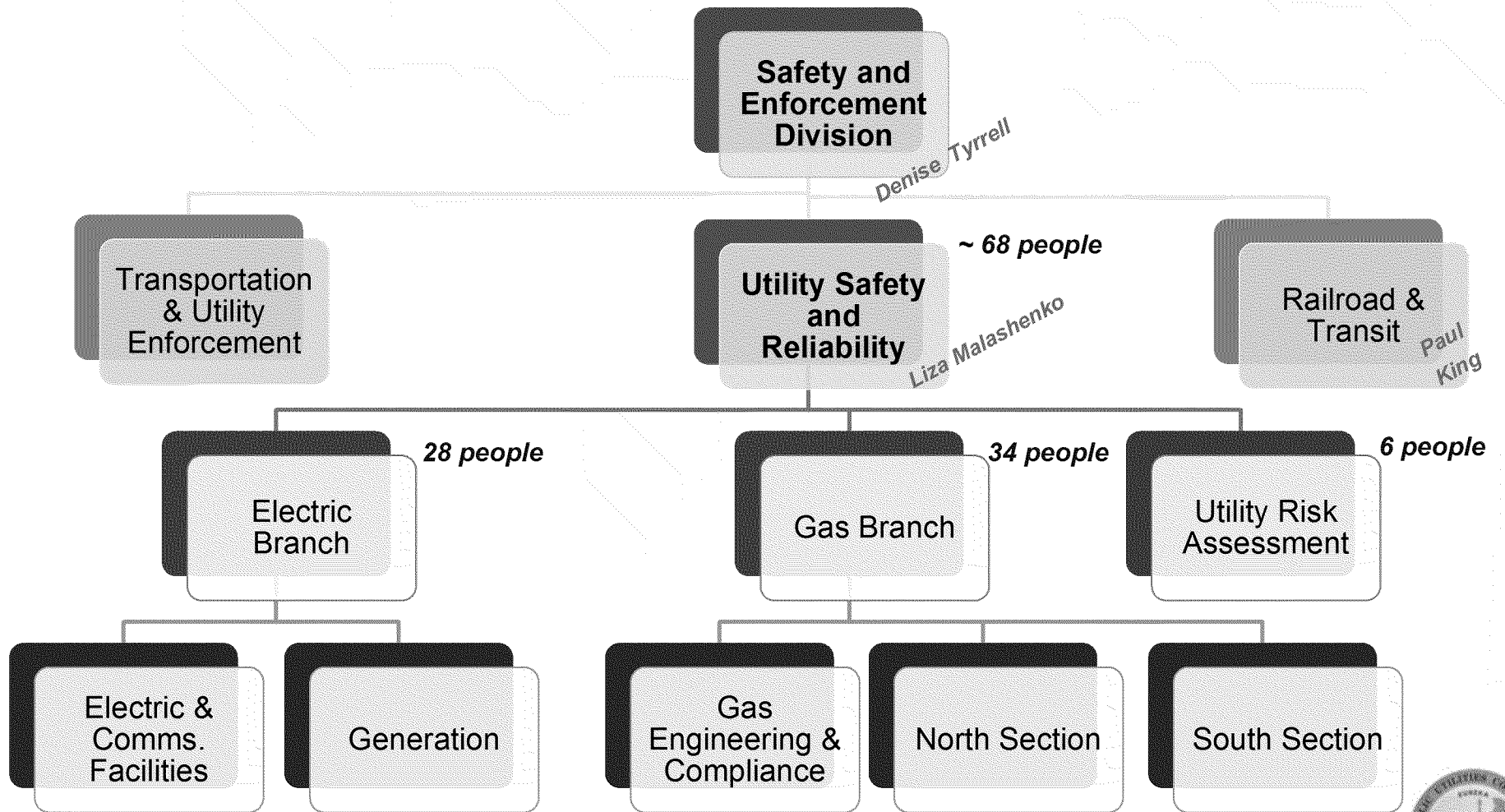


Briefing for the Department of Finance

February 2014



Introduction to the Utility Safety and Reliability Office





The SED Mission of the Utility Safety and Reliability Office Objectives

SED Mission

The CPUC's Safety and Enforcement Division (SED) works diligently to ensure that regulated services are delivered in a safe, reliable manner.



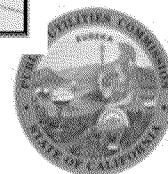
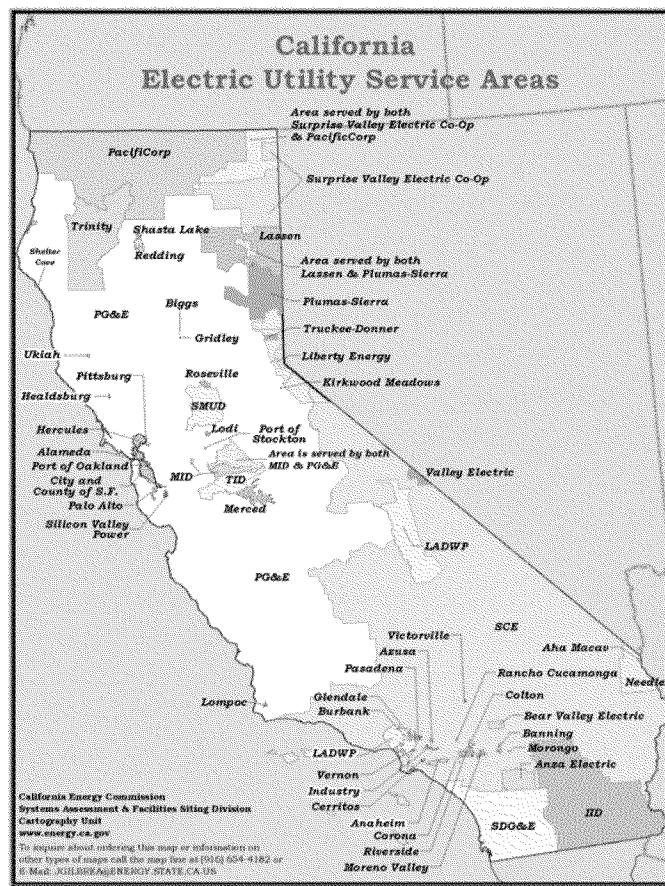
Office of Utility Safety and Reliability Objectives

- *Ensure safe and reliable operation of gas and electric facilities*
- *Develop, maintain and enforce the California Public Utilities Code and corresponding CPUC General Orders*
- *Promote understanding of safety and reliability implications internally and externally*
- *Shift from compliance based regulation to a risk-informed performance-based approach*



Overview of California State Energy Facts and Numbers (Electric)

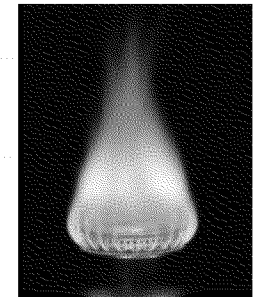
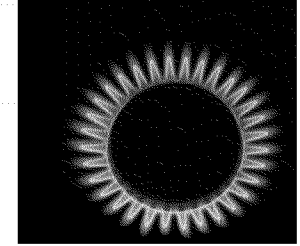
- Largest investor-owned utilities (IOUs) in the nation
 - Pacific Gas and Electric (PG&E)
 - Southern California Edison (SCE)
 - San Diego Gas and Electric (SDG&E)
- 11 million customers
- 200,000 miles of overhead transmission and distribution lines
- 70,000 miles of underground lines
- 70 % of electricity comes from in-state power plants
- 1,008 in-state power plants





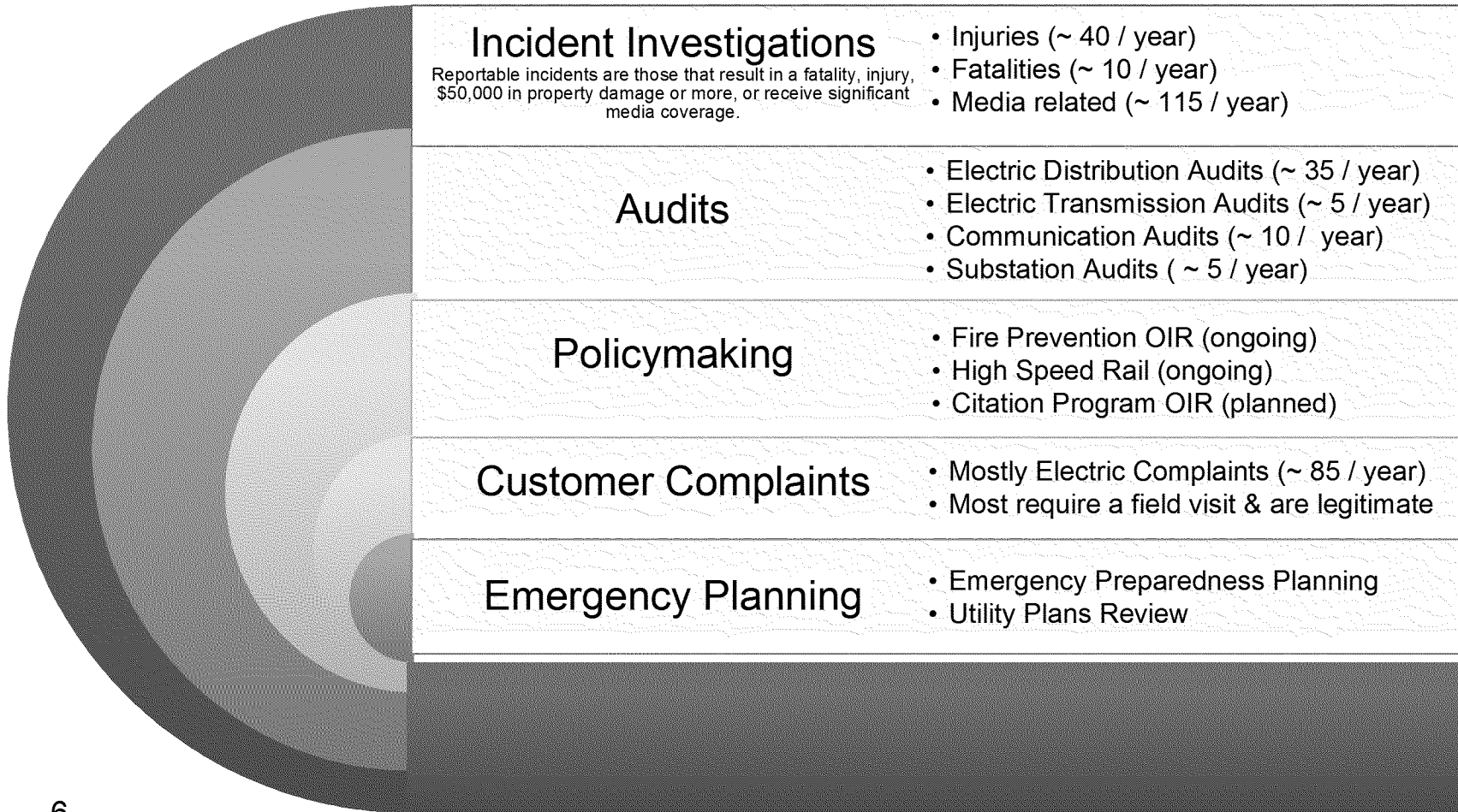
Overview of California State Energy Facts and Numbers (Gas)

- Major Gas Companies:
 - Pacific Gas and Electric (PG&E)
 - San Diego Gas and Electric (SDG&E)
 - Southern California Gas (SoCalGas)
 - Southwest Gas (based in Nevada)
- The CPUC has regulatory jurisdiction over 100,000 miles of utility-owned natural gas pipelines
- 11,000 miles of natural gas transmission pipeline, with 2,350 miles in high consequence areas
- 3,200 small mobile home and propane operators





Electric and Communication Facilities Section at a Glance





Ongoing and Planned Rulemakings

Fire Prevention OIR (R. 08-11-005)

- Opened November 2008 in response to Southern California Fires
- Phases 1 & 2 completed (G.O. 95 updates and other items)
- Phase 3 in progress (complex G.O. 95 e.g. rule 48 updates and wind study)
- ALJ: Timothy Kenney | Commissioner: Michel Peter Florio

High Speed Rail OIR (R.13-03-009)

- Rulemaking opened in March, 2013
- Regulations are being developed for governing safety standards for the Use of 25 kV electric lines to power high speed train
- ALJ: Karl Bemederfer | Commissioner: Michel Peter Florio

Citation Program OIR (pending)

- A rulemaking would establish an electric citation program that would allow SED staff to cite electric and communication companies for violations of Commission rules

Emergency Preparedness (proceeding TBD)

- Revise Emergency Preparedness requirements based on substation shooting incident and lessons learned from Southern California windstorms





Generation Section at a Glance

Inspections

- Forced Outages
- Maintenance Outages
- Focus on the state's 60 largest plants
- Over 300 inspections in 2013

Investigations

- Serious accidents, explosions, fires, fatalities, injuries
- Cases where public safety is jeopardized

Audits

- Comprehensive audits target poor performing plants
- Goal is to audit on a four-year cycle, similar to other large industrial facilities
- Audits are on hold due to staff constraints

Safety and Reliability Analysis

- Identify risks and mitigation strategies
- Analyze plant maintenance trends to ensure safe and reliable plant operation





Rules Enforced by Electric Branch

Electric and Communications Facilities Section

- **General Order 95** – Rules For Overhead Electric Line Construction
- **General Order 128** – Rules For Construction Of Underground Electric Supply and Communication Systems
- **General Order 165** – Inspection Requirements for Electric Distribution and Transmission Facilities
- **General Order 166** – Standards for Operation, Reliability, and Safety During Emergencies and Disasters
- **General Order 174** – Rules For Electric Utility Substations

Generation Section

- **General Order 167** – Enforcement of Maintenance and Operation Standards for Electric Generating Facilities





Gas Branch at a Glance

Incident Investigations

- Utility Distribution Facilities
- Utility Transmission Facilities
- Staff led and OILs (~ 160 / year)

Audits

- Utility Transmission Facilities
- Utility Distribution Facilities
- Gas Storage Facilities
- Mobile Home Natural Gas Facilities
- Propane Infrastructure
- Operator Qualifications
- Drug and Alcohol Testing
- Public Awareness Program

Utility Program Oversight

- Pipeline Safety Enhancement Program
- Underground Safety Alert
- Meter Protection Program
- Emergency Response

Customer Complaints

- Gas Distribution
- Mobile Home Park & Propane





Major Proceedings

Gas Safety Rulemaking (R.11-02-019)

- Phase 1 focused on transmission pipeline hydro testing and replacement plans
- Ongoing work to review Commission G.O. 112

Sempra PSEP (A.11-11-002)

- Sempra application for transmission pipeline enhancement work

PG&E PSEP Update Application (A.13-10-017)

PG&E Gas Transmission and Storage Application (A.13-12-012)

- PG&E is requesting a total of \$1.29 billion in revenue

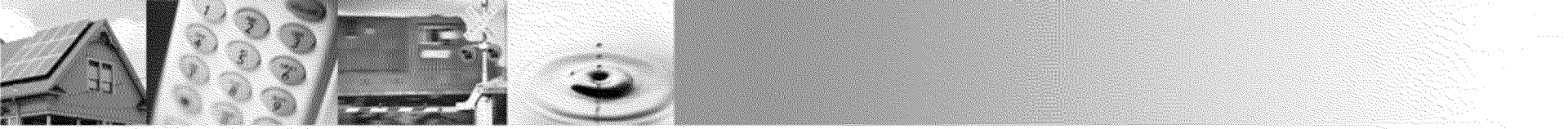
SCG North-South Project (A.13-12-013)

- Southern California Gas Company 150 mile pipeline installation

Citation Program OIR (pending)

- OIR will refine the current citation program





Rules Enforced by the Gas Branch

- **General Order 112-E** – Rules for design, construction, testing, maintenance and operation of utility gas gathering, transmission and distribution piping systems.
- GO 112-E adopts and supplements the federal natural gas and propane safety regulations in **Title 49 of the Code of Federal Regulations (49 CFR)**.
- Federal Department of Transportation (DOT) has jurisdiction for enforcing the regulations in 49 CFR.
- DOT oversees **Pipeline and Hazardous Materials Safety Administration (PHMSA)**, which in turn is responsible for enforcement of federal regulation (i.e. 49 CFR).
- In sum, Gas Branch follow both State Laws defined in the Public Utilities Code and Federal Regulations defined in 49 CFR.





Commission's Steps to Integrate Risk Management into Safety Regulation

2012 – Established a risk assessment section

2012 – Identified top 17 hazards for gas operators

2012/2013 – Performed safety risk assessment as part of a utility rate case

2013 – Incorporated risk assessment into the citation program

2013 – Opened a proceeding to integrate risk management into ratemaking

In January, 2013, the CPUC issues a paper on risk management titled **“Quantifying Risk: Building Resiliency into Utility Planning”** by Richard White, Elizaveta Malashenko.

<http://www.cpuc.ca.gov/>

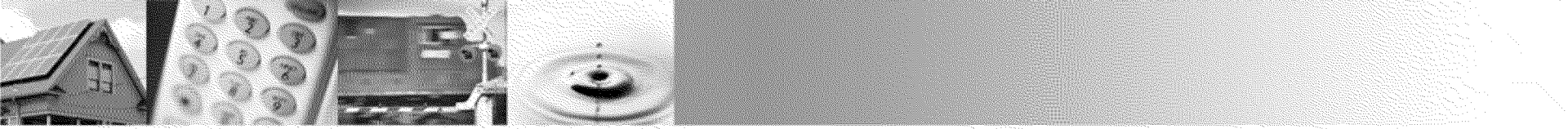


Key Activities of the Risk Assessment Section

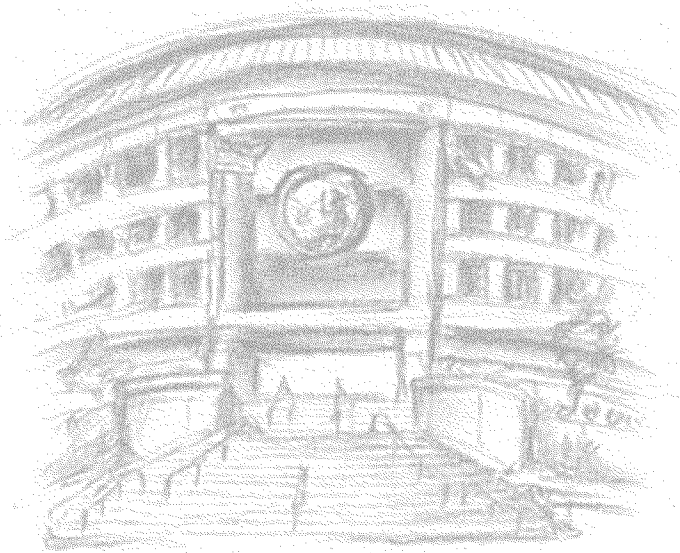


- Define risk management processes
- Assess risks of natural gas and electric infrastructure
- Suggest improvements in audits and inspections performed by utility safety and reliability office
- Enhance the compliance regulatory model
- Embed risk assessment into enforcement programs





Thank You!



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