

PUBLIC UTILITIES COMMISSION

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April 21, 2014

Mr. Sumeet Singh, Vice President
Pacific Gas and Electric Company
Gas Asset and Risk Management
6111 Bollinger Canyon Road, Office #4590-D
San Ramon, CA 94583

SUBJECT: MAOP of Low-pressure Systems

Dear Mr. Singh:

During the March 5, 2014 meeting between representatives from Pacific Gas and Electric (PG&E) Gas Operations and the Safety and Enforcement Division's Gas Engineering and Compliance Section (GECS), PG&E informed GECS of a change to PG&E standard on the establishment of a Maximum Allowable Operating Pressure (MAOP) for its Low Pressure (LP) systems. The standard in question is Utility Procedure TD-4125P-01 (Procedure), Establishing and Maintaining Distribution MAOP Records.

On March 24, 2014, PG&E provided GECS a copy of its Utility Bulletin TD-4125B-002 (Bulletin), which the copy indicates as being Rev. 1 published on 02/21/2014, through which the company implemented, and communicated company-wide, changes to the Procedure effective 02/03/2014. The Bulletin makes no changes to the Procedure's required set points for the regulator or overpressure protection; however, it does increase the MAOP for LP systems above current levels. Specifically, the Bulletin states: "*Effective 02/03/2014, LP MAOP is 14 inches of water column (in-w.c.).*"

As we indicated in a June 12, 2013 e-mail from Sunil Shori to PG&E, gas safety regulations specify that all systems, including low-pressure systems, must have a MAOP established. In fact, 49 Code of Federal Regulations (49 CFR), Section 192.623 further requires the establishment of a Minimum Allowable Operating Pressure for low-pressure systems. The use of MAOP terminology is important from a regulatory perspective so that all involved, regulatory as well as the operator, understand what the term means, what is and is not allowed and what the equipment settings must be in order for the operator to maintain compliance with all sections of Part 192, as well as any other regulations.

49 CFR, Part 192, Sections 192.623 and 192.201, do not speak to or restrict normal pressure or overpressure settings to any specified value. However, 49 CFR, Part 192 only provides minimum requirements and states are able to provide more restrictive requirements. In the case of settings for low pressure systems, the California Public Utilities Commission (CPUC) provides a more restrictive requirements within its General Order 58-A (GO 58-A).

GO 58-A, Section 8, paragraph b, states: "The standard gas delivery pressure supplied by any gas utility to domestic, commercial, or industrial customers, as measured at the outlet of any such customer meter, shall not be less than two inches nor more than twelve inches of water column pressure." During discussion in April 2013, Mr. Shori made PG&E aware of the requirements of GO 58-A and noted that PG&E's procedures in place at that time appeared to

comply with GO 58-A. However, at that time, Mr. Shori also clarified that PG&E's proposal to increase the MAOP of its low pressure systems to 14 in-w.c. would not comply with GO 58-A, Section 8, paragraph b. As stated above, GO 58-A, Section 8, paragraph b, limits service delivery pressure of 12 in-w.c. pressure. Since PG&E's low pressure systems contain no service regulators and the delivery pressure for low-pressure systems can effectively coincide with the system's MAOP, the increased to the MAOP of 14 in-w.c. pressure will therefore exceed the 12 in-w.c. pressure as required by GO 58-A.

Based on the above, we are disappointed that PG&E proceeded to modify its Procedure via the issuance of the Bulletin, to establish a procedural condition that violates GO 58-A, Section 8, paragraph b, subsequent to having been made aware of the requirements contained therein. We request that PG&E confirm that no regulator stations had set-points on operating equipment (not including redundant relief valves) which exceeded the maximum values contained in the original Procedure and not above 12 in-w.c. of pressure.

Furthermore, we remind PG&E that the rules specified in GO 58-A apply to any person, firm or corporation now or hereafter engaged as a public utility in the business of furnishing gas (fuel gas) for domestic, commercial, industrial or other purposes within the State of California where gas service is subject to the jurisdiction of the Public Utilities Commission of the State of California. In no case shall any public utility deviate from these rules except with specific written authorization from the Commission.

If you have any questions related to this matter, please contact Sunil Shori at (415) 703-2407 or at sksh@cpuc.ca.gov.

Sincerely,



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