

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

_____)
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.)
_____)

R.11-02-019
(Filed February 24, 2011)

**REPLY COMMENTS OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)
AND SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M)
ON PROPOSED REVISIONS TO G.O. 112-E**

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Per the Administrative Law Judge's Ruling Setting Schedule for Filing Comment on Proposed Rule Changes to General Order 112 issued on July 8, 2014, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) submit the following reply comments on the Proposed Revision of the Safety and Enforcement Division (SED) to General Order (GO) 112-E. SoCalGas and SDG&E's reply comments respond to some of the issues raised by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Office of Ratepayer Advocates (ORA), the Utility Workers Union of America (UWUA), and the Coalition of California Utility Employees (CUE).

I. INTRODUCTION AND SUMMARY

SoCalGas and SDG&E largely find the revisions proposed by SED to be workable modifications to existing rules and procedures. Generally, SED's proposals provide appropriate guidance as well as an adequate degree of operational flexibility.¹ As explained by SoCalGas, SDG&E, SCE, and PG&E, implementing these changes will not be a simple task and will require both time and resources. Therefore, the utilities should be allowed a reasonable amount of time

¹ While SCE proposed increased structure, structure that may be appropriate given the size of the SCE pipeline system on Catalina Island, appropriate levels of discretion and flexibility are important for California's larger utilities who must apply rules to a wide variety of complex and divergent situations.

to implement these new requirements and a funding mechanism to provide the resources necessary to increase testing and monitoring procedures, prepare and provide additional reporting, and provide necessary training to accomplish the same. Again, the more time the utilities are provided to implement changes, the greater their ability to coordinate those changes with ongoing work in a cost efficient manner. Certain parties, however, offered in their opening comments *additional* rules or revisions that are redundant, unnecessary, and/or raise cost implications absent corresponding safety or reliability benefits. These proposals are the focus of SoCalGas and SDG&E's reply comments.

II. REPLY COMMENTS ON SPECIFIC PARTY COMMENTS

A. UWUA

UWUA's comments propose modifications to GO 112-E and SED's Proposed Rule Changes (PRC) that would significantly expand utility activity and reporting requirements. Generally, UWUA's proposed revisions are duplicative, unnecessary, and do not enhance or improve upon the body of rules and regulations currently governing pipeline safety and reliability. Rather, UWUA's proposals limit the operator's ability to prioritize and manage its resources, add costs without a commensurate benefit, and risk shifting resources and focus away from higher priority work. These outcomes are not in the best interest of ratepayers.

i. Leak-Related Activities

Related to PRC-10, UWUA offers its support for SED's enhanced leak surveying requirements, but also proposes additional changes to expand leak-related activities.²

First, UWUA proposes adding that the examples of Grade 1 leaks requiring "prompt action" also may require immediate repair.³ This revision is unnecessary. SED's PRC-10 already includes that Grade 1 leaks require: "prompt action, immediate repair, or continuous action until the conditions are no longer hazardous."⁴ There is no benefit to reiterating the requirement that in certain circumstances Grade 1 leaks require immediate repair.

Second, UWUA proposes requiring that a Grade 2 leak be permanently repaired within 24 months.⁵ As written, SED's proposed rule provides adequate guidance and flexibility for operators to appropriately address Grade 2 leaks by scheduling repair "based on the potential for

² UWUA Opening Comments at page 6.

³ Id. at 8.

⁴ PRC-10, 143.2(a).

⁵ UWUA Opening Comments at page 10.

creating a future hazard.”⁶ For non-hazardous leaks it is appropriate to address leaks based on the potential for the leak to create a future hazard. To require otherwise would risk shifting focus away from higher risk leaks in order to repair lower risk leaks. This proposed modification unnecessarily limits operational flexibility in responding to risk and potentially adds additional costs to ratepayers.

Third, UWUA proposes that a leak at a meter or riser be permanently and completely repaired the day it is discovered.⁷ SoCalGas and SDG&E respond to leaks at a meter or riser based on the nature of the leak and risk associated with the leak. This determination is based on the evaluation of trained field personnel as to the severity of the leakage and migration patterns under building foundations and structures. While this may mean that a leak at a meter or riser is repaired the day it is discovered; an important step is having trained personnel assess the leak and situation and respond based on that assessment. Treating all leaks as hazardous (while, in reality, many are non-hazardous) and requiring immediate, same-day permanent repairs, as UWUA proposes, potentially increases costs to ratepayers in the form of overtime pay and/or additional workforce.

Fourth, UWUA proposes that only *employees* of the operator be allowed to perform repairs to meter and riser leaks. California Public Utilities Code Section 961 defines “gas corporation workforce” as the employees of a gas corporation and employees of an independent contractor of the gas corporation while working under contract with the gas corporation.⁸ Consistent with this definition, SoCalGas’ collective bargaining agreement with its unions allows for the use of third party contractors. Prohibiting the use of contractors would needlessly limit available resources, adversely impact the gas operator’s ability to complete work, and add unnecessary costs to ratepayers. As such, UWUA’s proposal should be rejected as unnecessarily restricting the operators’ resources and flexibility in cost-efficiently managing those resources.

ii. Valve Maintenance

UWUA proposes additional rules related to valve maintenance that would require a comprehensive valve inventory,⁹ the inclusion of distribution and transmission valves,¹⁰ a new

⁶ PRC-10, 143.2(b).

⁷ UWUA Opening Comments at page 11.

⁸ California Public Utilities Code Section 961(a) (“For purposes of this section, "gas corporation workforce" means the employees of a gas corporation and employees of an independent contractor of the gas corporation while working under contract with the gas corporation.”)

⁹ UWUA Opening Comments at page 13.

¹⁰ Id.

standard for determining whether a valve is “operable,”¹¹ and a shortening of the valve maintenance interval from 15 months to 12 months.¹² UWUA’s revisions would require a significant dedication of resources to accomplish. The current GO 112-E valve maintenance requirements reasonably and appropriately focus on safety and reliability by requiring the regular inspection and maintenance of valves necessary for the safe operation of a distribution system. GO 112-E’s clear focus on valves necessary for safe operations is appropriate. SoCalGas and SDG&E currently identify valves necessary for the safe operation of the system. Adding a separate effort that includes numerous “knowledgeable parties” to create an inventory of valves is unnecessary. Additionally, UWUA’s definition of “operable” is needlessly restrictive and would not appropriately apply to every valve on SoCalGas and SDG&E’s system.¹³

iii. Line of Sight Marking

UWUA proposes that SED’s new rule governing encroachments (PRC-10, Section 143.5) be revised to also require line-of-sight markers.¹⁴ UWUA’s revisions would limit discretion and flexibility for little benefit. As noted by UWUA, 49 CFR 192.707 already requires that line markers are placed: “[w]herever necessary to identify the location of the transmission line or main to reduce the possibility of damage or interference.” This regulation enables the operator to employ line markers where *necessary*. This could mean markers closer than line-of-sight, but acknowledges that the situation should dictate the spacing. SoCalGas and SDG&E have, in an effort to provide additional guidance, implemented internal guidance to personnel that, although spacing can vary depending upon conditions, it should not normally be greater than the line of sight. Together these regulations provide an appropriate level of guidance on locate and mark procedures.

iv. Inclusion of State Legislative Activity

UWUA proposes the inclusion of a new GO 112-F regulation that explains the purpose of GO 112-F as being to comply with state laws.¹⁵ The laws referenced by UWUA are California laws regardless of their inclusion in GO 112-F. The inclusion of UWUA’s language does not improve upon the Commission’s GO 112-F nor would it enhance safety and reliability. UWUA’s proposed language should be rejected as unnecessary.

¹¹ Id.

¹² Id. at 14.

¹³ Currently, SoCalGas and SDG&E’s internal guidelines define “inoperable” as a valve that needs more than 3 persons to operate.

¹⁴ UWUA Opening Comments at page 14.

¹⁵ Id. at 18.

v. *Language Regarding Relationship Between State and Federal Laws*

UWUA proposes new language in GO 112-F that notes that any requirements in GO 112-F that are more stringent than federal law are not preempted by federal law.¹⁶ Such language is unnecessary. UWUA’s proposal does little to clarify or add to the language already included in GO 112-E. GO 112-E already notes that GO 112 rules supplement existing federal requirements.¹⁷ If the Commission believes further clarification of this provision is required, the revision should acknowledge that to the extent state and federal regulations are in conflict, federal law controls. But to the extent a state regulation exceeds, but does not conflict with, federal regulations, then state law may control.

vi. *Workforce Adequacy Definition*

UWUA proposes that GO 112-F also include UWUA’s definition of “adequate workforce.”¹⁸ California Public Utilities Code Section 961 defines “gas corporation workforce” as the employees of a gas corporation and employees of an independent contractor of the gas corporation while working under contract with the gas corporation. California Public Utilities Code Section 961 requires that each gas corporation develop a plan for the safe and reliable operation of its Commission-regulated gas pipeline facilities and ensure an adequately sized, qualified and properly trained workforce to carry out the plan.¹⁹ As such, requirements regarding workforce and resource adequacy are already in the Public Utilities Code and would be redundant here. Further, UWUA’s proposal to modify the existing definition of “workforce” to require the operator to *employ* workers and that “in California the work actually be performed by a qualified *employee*...” would prohibit the operator’s use of contractors. Prohibiting the use of contractors would needlessly limit available resources, adversely impact the gas operator’s ability to complete work, and add unnecessary costs to ratepayers.

B. CUE

CUE proposes the inclusion of two new rules that would require annual emergency training and exercises²⁰ and require that field technicians be provided access to all of an Operator’s Proposed Section 145.2 records.²¹

¹⁶ Id. at 19.

¹⁷ GO 112-E, Section 101.2.

¹⁸ UWUA Opening Comments at page 20.

¹⁹ Cal. Pub. Util. Code Section 961(d)(10).

²⁰ CUE Opening Comments at page 2.

²¹ Id. at 4.

SoCalGas and SDG&E already engage in emergency training and exercises. SoCalGas' and SDG&E's respective Natural Gas System Operator Safety Plans contain Emergency Response Plans that detail how SoCalGas and SDG&E comply with the emergency response requirements specified in California Public Utilities Code Section 961, as well as the emergency response procedures contained in 49 CFR Part 192.615. These plans are provided to the Commission for their review and approval. SoCalGas and SDG&E maintain and test their Emergency Response Plans by conducting regular emergency preparedness drills and exercises to promote proficiency in emergency assignments and to validate the effectiveness of the Emergency Response Plans. As such, CUE's proposal is duplicative of existing efforts.

SoCalGas and SDG&E field personnel are provided support and access to pipeline records in order to better enable them to safely engage in field work. However, the infrastructure required to make all pipeline records available within minutes to field employees via a wireless connection is not realistic nor is it needed due to the support structure operators employ to deal with emergencies and routine field activities. For example, operators utilize personnel trained to extract data from various systems and analyze detailed and often complex information in support of field personnel. These resources are available 24/7 to support field personnel either investigating or repairing leakage and "dig-ins." In addition, supervisors, acting as Incident Commanders, coordinate field activities including requesting or directly accessing specific information needed for safety and to control unintended releases of natural gas as soon as possible.

C. ORA

ORA proposes the inclusion of new reporting requirements related to the operator's determination of Maximum Allowable Operating Pressure (MAOP).²² The additional reporting requirements are unnecessary. California Public Utilities Code Section 958 allows operators to use engineering-based assumptions as an interim measure in calculating MAOP until the operator's Pipeline Safety Enhancement Plan has been completed.²³ As such, the use of these engineering-based assumptions is temporary, as the Commission approved Pipeline Safety Enhancement Plans are actively addressing pipelines subject to the interim measures.

²² ORA Opening Comments at page 5.

²³ California Public Utilities Code Section 958(b) ("Engineering-based assumptions may be used to determine maximum allowable operating pressure in the absence of complete records, but only as an interim measure until such time as all the lines have been tested or replaced, in order to allow the gas system to continue to operate.")

III. CONCLUSION

SoCalGas and SDG&E would like to once again reiterate their appreciation for SED's efforts. SoCalGas and SDG&E share the Commission's commitment to enhancing the safety and reliability of California's natural gas transmission infrastructure and look forward to continuing to work closely with Commission Staff to achieve this goal.

Respectfully submitted,

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