

PACIFIC GAS AND ELECTRIC COMPANY

CALIFORNIA GAS TRANSMISSION
 GAS SYSTEM MAINTENANCE & TECHNICAL SUPPORT
 SYSTEM INTEGRITY SECTION
 Risk Management



Procedure for Risk Management

Procedure No. RMP-05

Rev. 0

Design/Materials Threat Algorithm

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Approved By:

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1.0 PURPOSE

The purpose of this procedure is to provide a guideline for determining the Design/ Materials Threat Algorithm for the determination of Likelihood of Failure and Risk for California Gas Transmission's (CGT) Risk Management Program (RMP) and Integrity Management Program.



2.0 SCOPE

This guideline is applicable to all of CGT's gas transmission pipeline facilities and is to be used in conjunction with RMP Procedure 01. The algorithm provided in this procedure is Pipelines. It is not applicable to regulator, compressor, or storage station facilities

The Integrity Management GroupRMP is responsible for managing risk within the scope of this procedure. The Integrity Management GroupRMP shall establish and manage the risk of each pipeline facility by utilizing industry and regulatory accepted methodologies appropriate for PG&E's CGT facilities and shall be in conformance with this procedure. The Integrity Management Program Manager/Lead-Risk-Management-Engineer shall be responsible for compliance with this procedure.



3.0 INTRODUCTION

The risk management processRMP is a process of calculating risk, developing risk mitigation plans to bring and maintain risk within an acceptable risk profile, and monitoring risk to accommodate changes in the factors which affect risk. The Integrity Management Program (IMP) is a program established by PG&E to address the integrity management rules in 49 CFR Part 192 Subpart O. (Procedure RMP-01 provides a procedure for the Risk Management Process.) Procedure RMP-06 provides procedures for compliance with the Integrity Management Program. (Procedure RMP-01 provides a guidelines for the Risk Management Process.) This procedure supports the calculation of risk, required by Procedure RMP-01 and RMP-06, due to one of the basic threats imposed on gas pipelines, Design/ Materials (DM).



As described in RMP-01, Risk is defined as the product of the Likelihood of Failure (LOF) and the Consequence of Failure (COF). A relative risk calculation methodology is used to establish risk for all pipeline segments within the scope of RMP-01. The method used to calculate risk is based on an index model and qualitative scoring approach. Likelihood Of Failure (LOF) is defined as the sum of the following threat categories: External Corrosion (EC), Third Party (TP), Ground Movement (GM) and Design/Materials (DM).

Each threat category is weighted in proportion to PG&E and industry failure experience. DM is weighted at 10%. The weightings on the threat categories will be reviewed and approved annually by the Consequence Steering Committee. For each threat category, the appropriate steering committee will identify the significant factors that influence the threat's likelihood of failure. For each factor, a percentage weighting will be established to identify the factor's relative significance in determining the threat's likelihood of failure within the threat algorithm. Points will be established based on criteria that the committee feels is significant to determining the threat's likelihood of failure due to each factor and the relative severity of failure (leak-before-break vs. rupture). (Negative points

may be assigned where current assessments have been made to confirm pipeline integrity and/or mitigation efforts have eliminated or lowered susceptible to a threat.) Generally, the summation of the percentage weightings for all of the factors within each threat will be 100%. (There may be exceptions to permit the consideration of very unusual conditions.)

For the threat of DM, the scoring is based on direction from the DM Steering Committee. The DM Steering Committee shall meet once each calendar year and shall review this procedure per the requirements of RMP-01.

4.0 Roles and Responsibility

Specific responsibilities for ensuring compliance with this procedure are as follows:

Title	Reports to	Responsibilities
Integrity Management Program Manager	Manager System Integrity	<ul style="list-style-type: none"> • Supervise completion of work (schedule/quality) • Monitor compliance to procedure -- take corrective actions as necessary. • Assign qualified individuals • Ensure Training of assigned individuals • Assign Steering Committee Chairman, and ensure that meetings are held once each calendar year.
Steering Committee Chairman (Risk Management Engineers)	Integrity Management Program Manager (except for TP Steering Committee -- chairman reports to Manager System Integrity)	<ul style="list-style-type: none"> • Arrange meetings. • Review procedure with committee per RMP-01 • Provides meeting minutes • Ensures action items are completed.
Steering Committee Members (Subject Matter Experts)	Various	<ul style="list-style-type: none"> • Attend meetings as requested by Steering Committee Chairman. • Provide review and direction to procedure.
Risk Management Engineers	Integrity Management Program Manager	<ul style="list-style-type: none"> • Perform calculations per procedure.



5.0 Training and Qualifications

See RMP-06 for qualification requirements. Specific training to ensure compliance with this procedure is as follows:

Position	Type of Training:	How Often
Integrity Management Program Manager	Procedure review of RMP-01 and RMP-05	<ul style="list-style-type: none"> • Upon initial assignment • Once each calendar year.
Steering Committee Chairman	Procedure review of RMP-01 and RMP-05	<ul style="list-style-type: none"> • Upon initial assignment • Once each calendar year. • As changes are made to the procedure.
Steering Committee Members (Subject Matter Experts)	RMP-05 and Steering Committee requirements of RMP-01	<ul style="list-style-type: none"> • Once each calendar year at the time of the steering committee meeting.
Risk Management Engineers	Integrity Management Program Manager	<ul style="list-style-type: none"> • Upon initial assignment • Once each calendar year. • As changes are made to the procedure.



6.0 DESIGN/ MATERIALS THREAT ALGORITHM

Design Materials (DM) shall be calculated per the direction of the DM Steering Committee. The committee has determined that the factors in A through F of this section are significant to determining the Likelihood of Failure (LOF) of a gas pipeline due to *design/material* issues. The DM contribution to LOF shall be the summation of assigned points times the assigned weighting for the following factors:

A) Pipe Seam Design (30% Weighting): Points will be awarded as follows:

Criteria	Points	Contrib.
Furnace Butt Weld (FBW) (Wt = 0.6)	100	30
Single Submerged Arc Weld (SSAW) (Wt = 0.8)	60	18
Low Freq. ERW* (Wt = 1.0)	90	27
Flash Weld (Wt = 1.0)	90	27
High Freq. ERW (Wt = 1.0)	20	6
Double Submerged Arc Weld (DSAW) (Wt = 1.0)	10	3



Seamless	10	3
Spiral (Jef = 0.8)	90	27
Other**	100	30
Default (Welds made prior to 1970)	100	30
Default (Welds made in 1970 and after)	20	6

* Welds made prior to 1970 using the ERW welding process are assumed to be made using low frequency.

** "Other" includes pipe manufactured using the A. O. Smith Process.

B) Girth Weld Condition (15% Weighting): Points will be awarded as follows:

Criteria	Points	Contrib.
Pre 1930 Girth Welds (Both Arc and oxyacetylene, regardless of seismic zone)	100	15
Pre 1947 Girth Welds within area of ground acceleration > 0.2g	100	15
Shielded pre-1960 Bell-Spigot/BBCR**	40	6
All others	0	0

** Shielded Metal Arc Welds (SMAW) made prior to 1960 or girth weld joints made with Bell-Spigot or BBCR joints.

C) Material Flaws or Unique Joints (20% Weighting): Points awarded as follows:

Criteria	Points	Contrib.
Wrinkle Bends in Pipe w/ OD < 12"	100	20
Wrinkle Bends in Pipe w/ OD > 12"	50	10
Dresser Couplings	100	20
Hard Spots	100	20
Pre-1950 Miter Bends	90	18
None	0	0

D) Pipe Age (15% Weighting): Points awarded as follows:

Criteria	Points	Contrib.
Greater than 50 Years	100	15
>40 to 50 Years	75	11.25
>30 to 40 Years	30	4.5
0 to 30 Years	10	1.5

E) MOP vs. Pipe Strength* (15% Weighting): Points awarded as follows:

Criteria	Points	Contrib.
>60%	100	15
50% to 60%	80	12
40% to <50%	50	7.5
30% to <40%	30	4.5
20% to <30%	10	1.5
Less than 20%	5	0.75

* Pipe Strength shall be determined to be equal to $(SMYS)(2)(t)(Jef)/(OD)$.

F) Design/Materials Leak Rate (5% Weighting): Points awarded as follows:

Criteria	Points	Contrib.
More than 1 leak	-200	-10
1 leak	-100	-5
0 leak	0	0

* Leaks within the last twenty years on a pipe segment or on adjacent segments with the same pipe properties within a one mile radius of the leak .



G) Test Pressure (TP)** vs. Pipe Strength* (20% Weighting): Points awarded as follows:

Criteria	Points	Contrib.
TP to > 100 % PS	-200	-40
TP > 90% to 100 % PS	-150	-30
TP to 80% to 90% PS	-50	-10
TP to < 80% PS	0	0
No Pressure Test or TP/MOP < 1.1	150	30

* Pipe Strength (PS) shall be determined to be equal to $(SMYS)(2)(t)(Jef)/(OD)$.

** Pressure Tests performed earlier than 1950 will not be credited.