BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

FILED
04-13-11
11:31 AM

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)

COMMENTS OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)
AND SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M)
ON ORDER INSTITUTING RULEMAKING

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April 13, 2011

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Pursuant to Ordering Paragraph six of the *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*, issued by the California Public Utilities Commission (the Commission) on February 25, 2011 (the OIR), Ordering Paragraph one of the Assigned Commissioner's Ruling Adding Items to Previously-Scheduled Comment Cycle, Addressing Ex Parte Contacts, Scheduling Public Participation Hearings, Setting Prehearing Conference and Encouraging Participation by Pipeline and Hazardous Materials Safety Administration (PHMSA), dated March 24, 2011 (March 24 ACR), and Ordering Paragraph three of the Assigned Commissioner's Ruling Requesting Comment on Proposal From Congresswoman Speier, Adding Topic to Report from Pacific Gas and Electric Company (PG&E), and Revising Schedule for Filing Comments on the OIR, dated April 7, 2011 (April 7 ACR), Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) (collectively, the Utilities) hereby submit comments on the preliminary scope described in the OIR and the attachments thereto.

I. INTRODUCTION

SoCalGas and SDG&E share the Commission's resolve to take those actions necessary to avoid the recurrence of a San Bruno-like tragedy and fully support the Commission's effort to implement forward-looking policies and procedures to enhance gas pipeline safety and reliability throughout California. The OIR provides an appropriate forum to address pipeline safety-related issues, including pipeline replacement criteria, use and placement of automatic shut-off and/or remote control valves, emergency response plans, and other methods to enhance the integrity of California's natural gas infrastructure. In addition to continuing to implement their existing pipeline integrity programs, SoCalGas and SDG&E have already taken significant actions to further enhance the safety and reliability of their transmission pipeline systems in response to urgent safety recommendations issued to PG&E by the National Transportation Safety Board (NTSB) following the events of San Bruno. For example, the Utilities have, among other actions, instituted incremental and additional pipeline patrols and leak surveys to monitor their pipelines.

SoCalGas and SDG&E commend the Commission for its efforts to coordinate with the Independent Review Panel and other regulatory agencies, through this rulemaking, and look forward to actively supporting this effort. In particular, SoCalGas and SDG&E note that the March 24 ACR directs Commission "staff to work in partnership with PHMSA to obtain technical support as well as the benefits of its pipeline experience throughout the country."[1] The Utilities also fully support the Commission's effort to engage and inform the public in this process through public participation hearings throughout the State. And they support the Commission's efforts to balance the public's access to information to the risks associated with the disclosure of sensitive information.

The OIR is also the appropriate forum for the Commission to adopt a balanced ratemaking framework that will encourage natural gas utilities to implement additional best

[1] March 24 ACR, p. 7.

safety practices and maintain a culture of safety, while preserving the ability of their shareholders to earn a reasonable return on investment. As part of their efforts to enhance the safety and reliability of their gas systems, SoCalGas and SDG&E intend to submit system upgrade proposals that balance the costs to their customers and the incremental benefits to the public. Those proposals, as well as any other utility-specific proposals for system upgrades, should be addressed by separate application to ensure that affected customers receive proper notice under the Commission's rules.

In the comments below, SoCalGas and SDG&E first discuss the general scope of the OIR and offer suggestions for how the scope may be further refined to achieve the Commission's goals. The Utilities also recommend that the Commission implement a collaborative workshop process in order to bring technical experts, agencies and stakeholders together in furtherance of the Commission's efforts to develop and refine forward-looking rule changes to enhance the integrity of California's infrastructure. In addition, the Utilities address the proposed rules presented in Attachment A, and reiterate their recommendation that proposed rule changes be developed and refined through a collaborative workshop process. Finally, the Utilities address Attachment B and identify those specific issues in Attachment B that should be prioritized by the Commission.

II. Comments Regarding the Preliminary Scope of the OIR

A. The OIR Provides an Appropriate Forum to Address Pipeline Safety-Related Issues and Establish Criteria for Infrastructure Upgrades.

SoCalGas and SDG&E are committed to the safe operation of their pipeline systems and fully support this OIR, which provides stakeholders with an appropriate forum to address pipeline safety-related issues. It has been the practice of SoCalGas and SDG&E to design and operate gas infrastructure at pressures that provide an effective safety margin. Consistent with industry standards, SoCalGas and SDG&E perform pre- and post-construction tests on pipe to validate that manufacturing flaws are not placed in service. In response to the San Bruno

incident, SoCalGas and SDG&E have focused additional efforts on the validation of records to verify that in-service pipelines do not contain manufacturing flaws that could affect pipeline integrity, and will report on those efforts on April 15, 2011, as indicated in the OIR.[2]

SoCalGas and SDG&E maintain strong safety cultures founded upon principles of continuous improvement and perform many activities to maintain pipeline condition and verify continued safe operation. These pipeline maintenance practices include significant investment in the use of the latest technologies such as in-line inspection tools, also known as "smart pigs." SoCalGas and SDG&E have invested in upgrades to their transmission pipeline systems to make them smart piggable, and to date, about 74% of the high consequence area (HCA) pipelines assessed through their existing transmission integrity management programs has been inspected using in-line inspection technology. SoCalGas and SDG&E have also invested, in partnership with other operators and the Pipeline and Hazardous Materials Safety Administration (PHMSA), to develop in-line inspection tools to be used on pipelines that are not suitable for use with existing in-line inspection technologies.

In addition to their ambitious in-line inspection programs, SoCalGas and SDG&E implemented excavation programs to directly examine the condition of existing pipelines using non-destructive methods. These programs have led to over 1,000 excavations in the last eight years. When a condition is identified by either SoCalGas or SDG&E through in-line inspection, excavation, continuous monitoring, or otherwise that may compromise the integrity of a transmission pipeline, immediate steps are taken to address that condition.

While SoCalGas and SDG&E are proud of their strong safety records, their success in this area is not taken for granted. The actions described above and others are part of their continuous improvement efforts and commitment to maintaining a safe system. The Utilities support adoption of criteria for transmission system upgrades that will enhance public safety by minimizing the amount of time it takes to respond to a pipeline rupture, while preserving the

[2] OIR, p. 9.

ability of the natural gas utilities to minimize service disruption to customers. A number of stakeholder groups have advocated that natural gas operators install more automatic shut-off or remote-control valves in their systems. SoCalGas and SDG&E support the proper deployment of these valves and have already installed a number of automatic shut-off valves across their systems. Both utilities are exploring opportunities to install additional automatic shut-off or remote-control valves or add this capability to existing valves to further enhance operational flexibility and provide the ability to respond to transmission pipeline incidents more quickly and in multiple locations simultaneously, while managing the risk of unwarranted wide-scale customer shut-off due to closures not related to pipeline ruptures. SDG&E and SoCalGas are moving forward with a pilot program to modify or replace up to 10 valves with latest-generation automatic shut-off or remote-controlled technology to test the performance of these technologies in different applications. This work will complement existing pipeline control/isolation capability, which embodies over 200 active automatic shut-off and/or remote-controlled valves covering approximately 50% of their transmission pipeline system miles.

Existing automatic shut-off and remote-control valves are generally utilized on pipelines with predictable and stable flow patterns. This pilot project will support further refinement of the technical and operational issues associated with deployment of these valves and related sensors in complex pipeline networks serving large numbers of customers in congested areas. It is the intent of SoCalGas and SDG&E that the lessons learned from this pilot program will provide the groundwork for forward-looking expansion of automatic shut-off and/or remote-control valve deployment. SoCalGas and SDG&E look forward to sharing their ideas and objectives on expanded control valve use with other stakeholders.

B. The Commission Should Clarify Its Existing Jurisdiction Over Gas Pipeline Testing and Construction Projects, and Seek Expansion of the Commission's Enforcement Authority Over Dig-Ins on Commission-Regulated Pipelines.

SoCalGas and SDG&E operate over 4,000 miles of natural gas transmission pipelines and over 112,000 miles of distribution pipelines in 250 cities and 13 counties. Natural gas utility pipeline integrity programs will likely involve or lead to a substantial amount of construction activity within numerous local jurisdictions. SoCalGas and SDG&E currently apply for and obtain local ministerial permits where required under local jurisdictions, but this can take considerable time and effort. The Commission's confirmation of its exclusive jurisdiction over pipeline assessments and construction would clarify for local governments their use of these ministerial permit processes and limit the imposition of invalid conditions or local provisions that would regulate matters of pipeline design and safety. To that end, SoCalGas and SDG&E propose that the Commission clarify its existing preemptive authority over gas pipeline construction and assessment activities.

In addition, the Commission should consider proposals to expand the Commission's enforcement authority over dig-ins on Commission-jurisdictional pipelines. Currently, California Government Code subsections 4216.6(a)(1)-(2) provide for the imposition of significant civil penalties against operators and excavators who fail to comply with the requirements set forth in section 4216. However, under subsection 4216.6(b), the civil penalties may only be enforced by the Attorney General, District Attorney, or the agency that issued the underlying excavation permit. The Commission should consider proposals, such as amendments to subsection 4216.6(b) of the California Government Code, to explicitly authorize the Commission to enforce the statutory civil penalties, and eliminate exemptions, for dig-ins on pipelines under the jurisdiction of the Commission.

C. General Orders Should Be Reserved for Rules of General Applicability.

SoCalGas and SDG&E commend the Commission's efforts to begin the complicated process of amending General Order 112-E. In Attachment A to the OIR, the Commission submits proposed rules for immediate implementation, and seeks input from the parties regarding those proposed rules. Specifically, Attachment A proposes to add a new section to General Order 112-E titled, "Strength Test Requirements for Certain Pipelines Operated by Pacific Gas and Electric Company," and it proposes revisions to reporting requirements to Sections 112.2 and 125 of General Order 112-E.

SoCalGas and SDG&E urge the Commission to reserve general orders for rules of general applicability, and to avoid the use of general orders for the purpose of adopting rules that are utility-specific or punitive in nature. Corrective measures specific to PG&E should be adopted in the form of Commission decisions or corrective actions, rather than as general orders. SoCalGas and SDG&E address specific concerns with the rules proposed in Attachment A below in Section III, and propose that the Commission implement a technical workshop process, described below, for consideration of proposed rule changes.

D. The Commission Should Implement a Technical Workshop Process for Updating General Orders and Other Safety-Related Rules and Regulations.

Numerous rules and regulations are implicated by the Commission's ambitious effort in this proceeding to adopt rules, regulations and policies to enhance the safety and reliability of the State's natural gas infrastructure. Because the public safety and reliability issues to be considered in this proceeding are of the utmost importance, the Commission should proceed as expeditiously as possible, while allowing sufficient time for thoughtful consideration and deliberation. What may be viewed as a "simple" change or addition may trigger significant domino effects and significantly impact the way pipeline systems are operated or maintained. For this reason, it is important that industry experts carefully consider and discuss through a collaborative process any proposed rule changes and the implication of those proposed changes.

SoCalGas and SDG&E propose that the Commission implement a technical workshop process to bring technical experts, PHMSA, and interested stakeholders together to develop and consider proposed rule changes, including modifications to the rules governing maximum allowable operating pressure (MAOP), and reporting and recordkeeping requirements. Such a collaborative workshop process, followed by interim decisions, would provide an efficient and effective process for the Commission to carefully yet expeditiously develop new rules and regulations to enhance the safety and reliability of the State's natural gas infrastructure.

E. A Collaborative Workshop Process Would Provide an Appropriate Forum to Consider Proposals to Enhance Coordination Among Natural Gas Utilities and Emergency Responders.

As mentioned above, SoCalGas and SDG&E operate natural gas pipelines in 250 cities and 13 counties. Although the Utilities have achieved great strides with regard to their efforts to enhance coordination with local authorities, there remains room for improvement. SoCalGas and SDG&E presently provide location information to first responders through their respective websites and also PHMSA's National Pipeline Mapping System.[3] Emergency responders obtain both natural gas and hazardous liquid pipeline information from the latter. In addition, upon request, emergency responders are provided a Geographic Information System (GIS) file that contains a map of transmission and distribution high pressure pipelines. Presently, the Utilities' Emergency Services personnel coordinate communications through thirteen county emergency coordinators, who are responsible for ensuring that information vital to public safety is passed on to local authorities. In addition, in their consolidated General Rate Cases (GRCs),[4] SoCalGas and SDG&E are requesting incremental funding for their Public Awareness Programs to enhance their communications on public awareness of pipeline operations and safety issues for various stakeholders, including the public and emergency officials.

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[3] Available at http://www.npms.phmsa.dot.gov/.
[4] A.10-12-005/10-12-006.

SoCalGas and SDG&E are also exploring various ways that effective awareness training can be delivered to first responders across numerous local jurisdictions, in person and via the web. For example, short video clips could be posted on a website, and also shown during station house meetings or other in-person training forums. The Utilities also support the concept of a centralized, secure portal for operator and first responder emergency contacts, and are working with PG&E to explore this concept. The Utilities believe folding these efforts into this Rulemaking would be beneficial and recommend that the Commission coordinate workshops to facilitate collaboration among the State's natural gas utilities, other agencies and first responders in order to determine "best practices" and develop specific proposals to strengthen coordination among the State's natural gas utilities and emergency responders.

F. The Commission Should Postpone Consideration of Distribution System Issues Until After Federal Regulators Have Had Sufficient Opportunity to Implement the Distribution Integrity Management Program (DIMP).

PHMSA published the final rule establishing integrity management requirements for natural gas distribution pipeline systems on December 4, 2009.[5] The effective date of the rule, known as the DIMP, is February 12, 2010, and pipeline operators are given until August 2, 2011, to write and implement their compliance programs. SoCalGas and SDG&E have had extensive distribution integrity plans in place for many years and are reassessing those existing plans and adding new elements to comply with the federal distribution integrity program. At present, SoCalGas and SDG&E are seeking funding for numerous programs in their consolidated GRCs to implement DIMP and enhance the safety and reliability of their distribution pipelines. For example, the Utilities seek funding in their GRCs for the following DIMP-related efforts: (1) enhancements to the GIS program for Distribution; (2) the development of a Distribution Risk Evaluation and Monitoring System, a business process including computational models that help evaluate pipeline segment threats and help prioritize segment replacements; (3) a DIMP-driven

[5] *See* 74 F.R. 63906.

enhanced monitoring program to address situations where the utility may be required to defer replacement of pipeline segments due to exigent circumstances outside its control (*e.g.*, municipal moratoriums); and (4) an Anodeless Riser Program to identify and address the potential threat to pipeline integrity caused by premature failure of anodeless risers.

Until DIMP has been fully implemented, through programs such as those proposed by SoCalGas and SDG&E in their GRCs, it is premature to consider rule changes with respect to natural gas distribution system integrity. Therefore, SoCalGas and SDG&E encourage the Commission to refrain from considering distribution system safety-related issues until after the DIMP has been fully implemented and any knowledge gained both at the state and national level can be evaluated and acted upon in concert with all stakeholders. Once the DIMP is in place and the natural gas utilities have gained experience with this integrity program, the Commission could address distribution issues in either a subsequent phase of this proceeding, in a new distribution system-focused rulemaking or in some other forum. The Commission could direct the State's natural gas utilities to report on the status of DIMP implementation at the end of 2012 and the Commission could determine at that time what action, if any, is needed.

G. The Commission Should Adopt a Balanced Ratemaking Framework that Aligns Ratemaking Policies, Practices, and Incentives to Enhance Public Safety.

As stated above, SoCalGas and SDG&E share the resolve of the Commission to take those actions necessary to avoid the recurrence of the San Bruno tragedy and fully support the Commission's effort to implement forward-looking policies and procedures to enhance gas pipeline safety and reliability throughout California. In order to proactively address the urgent safety recommendations issued by the NTSB on January 3, 2011—for example through additional pressure testing, pipeline upgrades, or other means—and to accomplish the goals set forth by the Commission in this OIR without shifting resources away from their existing pipeline integrity programs, SoCalGas and SDG&E anticipate undertaking efforts and expenses that were not anticipated as part of their GRC applications. As recognized by the Commission in the OIR,

those expenses are not expected to be trivial and could include capital expenses.[6] Indeed, SoCalGas and SDG&E have already undertaken extensive efforts in response to the Commission's directive to address the NTSB's urgent safety recommendations as expeditiously as possible.

The OIR appropriately includes consideration of available options to better align ratemaking policies, practices, and incentives to elevate safety considerations, and maintain utility focus on the details of prudent utility operations. Through this Rulemaking, the Commission should adopt a balanced ratemaking framework that encourages the State's natural gas utilities to implement best safety practices and maintain a culture of safety, while preserving the ability of their shareholders to earn a reasonable return on investment. The Utilities encourage the Commission to implement a collaborative workshop process to facilitate careful consideration of all ratemaking proposals including the impact those proposals may have on utility operations, the feasibility of implementation from an accounting perspective, the alignment of utility incentives and Commission policies, and any other significant impacts the ratemaking proposals may have if adopted by the Commission. In the interim, to encourage the State's natural gas utilities to take immediate action to enhance safety and reliability, without shifting funds away from their existing pipeline integrity programs, the Commission should authorize the establishment of a Pipeline Safety and Reliability Memorandum Account (PSRMA), for purposes of tracking those costs incurred by natural gas utilities to enhance safety and reliability, and which were not contemplated in their GRCs.

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[6] *See* OIR., pp. 12-13 ("Once we receive that information, we will need to begin a process to prioritize the need for additional testing on segments for which records are not adequate or where previous testing was not sufficient or conclusive about the appropriate pressures to be maintained on those pipelines. Depending on the types of tests required, expenses required will likely be non-trivial. In addition, once tests are performed, some segments of pipeline may become more urgent for upgrading or replacement. These expenses are also likely to be non-trivial."). (emphasis added)

III. Comments Regarding the Rule Changes Proposed in Attachment A and Related Issues Raised in the March 24 ACR.

As mentioned above, the Utilities are concerned by the Commission's proposal to adopt a new general order that would be applicable solely to PG&E, and urge the Commission to reserve the use of general orders for the adoption of rules of general applicability. As also mentioned above, SoCalGas and SDG&E believe that technical workshops is the preferable forum for consideration of proposed rule changes, so that technical experts and interested stakeholders can work together to develop operational rules and regulations to promote the Commission's policies and goals.

The Utilities fully support the Commission's efforts to update existing rules governing the establishment of maximum allowable operating pressures for pipelines constructed before July 1, 1970 (*i.e.* "grandfathering"[7]). But any such rules should be of general applicability and not specific to any one utility. Moreover, many of the rules proposed in Attachment A that relate to "grandfathered" pipelines and are specific to PG&E would impose onerous operational burdens on SoCalGas and SDG&E if adopted as rules of general applicability. If applied to SoCalGas and SDG&E, the proposed rules would result in capacity and deliverability losses that could result in curtailments of service to customers during peak periods. While the Utilities recognize the need to address the establishment of MAOP for "grandfathered" transmission pipelines, the miles of transmission pipeline in California that will be impacted by this transition are significant. The Commission's proposed rules, as written, would immediately eliminate all grandfathering rules for existing pipelines rendering all pipelines for which strength testing records do not exist out of compliance. Although SoCalGas and SDG&E agree that existing regulations should be updated at this time, an essential component of that update is a well-considered transition plan that provides adequate time and resources to implement the new

[7] As used herein, the term "grandfathering" refers only to pipelines for which MAOP was established based on a previous maximum operating pressure and have not been subjected to a pressure following construction or gas service that proves the pipe is capable of holding pressures at specified thresholds greater than the MAOP.

requirements, while at the same time enabling gas utilities to fulfill their obligations to reliably serve their customers. SoCalGas and SDG&E anticipate that the new rules and regulations may dictate a need for wide-scale pipeline replacements. In order to facilitate expeditious utility compliance with these new rules and regulations, the Commission should consider options for expediting the permitting process, as noted above in Section II.B.

There is no discussion in the proposed rules of instituting a programmatic method to allow the State's natural gas utilities sufficient time to complete their current efforts to validate the safe operation of grandfathered infrastructure. Furthermore, the proposed rules provide no alternatives to the strength tests specified in 192 Subpart J – Test Requirements, despite the fact that other feasible alternatives exist. For example, SoCalGas and SDG&E believe that under some circumstances direct examination of the pipe using non-destructive evaluation methods (*e.g.*, ultrasonic testing, radiographic inspection, etc.) could provide an equivalent validation of the integrity of the pipe compared to pressure testing. Accordingly, the Utilities urge the Commission to implement a technical workshop process for developing a comprehensive set of rule changes to address grandfathered pipelines in a manner that will enhance public safety while enabling the utilities to maintain reliable service to their customers.

In the March 24 ACR, Commissioner Florio requests comments on an issue indicating clarification of the Utilities' interpretation of existing MAOP rules may be required. Specifically, Commissioner Florio requests comment on whether the Commission should adopt a proposed rule "to negate the incentive to increase natural gas pipeline pressure to MAOP for the pipelines covered by 49 CFR § 192.971(e)(4)."[8] SoCalGas and SDG&E have not interpreted and do not interpret 49 CFR 192.917(e)(4) as creating an incentive for operators to increase pressure on a pipeline from its maximum operating pressure or lower to its MAOP for the sole purpose of maintaining its established MAOP. With that clarification, the Utilities support consideration of

[8] March 24 ACR, p. 4.

appropriate and effective methods for assessing pipelines that contain long seams that meet the conditions described in 49 CFR 192.917(e)(4).

Commissioner Florio also requests comments on the issues of whether there is a rational basis for distinguishing between pre-1970 pipes, such that limitations may be imposed solely where needed to ensure safe operations. SoCalGas and SDG&E believe there is a rational basis for distinguishing between certain types of pre-1970 pipes with non-state-of-the-art materials and construction. As stated above, the Utilities believe proposed rule changes should be vetted through a collaborative workshop process.

Finally, the proposed changes to the reporting requirements in General Order 112-E contain potentially onerous reporting requirements that should be clarified and refined to ensure that the burden of compliance with those rules creates real public safety benefits. For example, on page 2 of Attachment A, the Commission proposes to add a reporting requirement for "[i]ncidents in which an under-pressure condition, caused by the failure of any pressure controlling device, or any other event other than excavation related damage, results in any part of the gas pipeline system being shut-down." As written, this reporting requirement could potentially require gas operators to report each individual service shutdown resulting from the tripping of an excess flow valve. This can occur frequently and routinely, such as when customers install new equipment (*e.g.*, tank-less water heaters or swimming pool heaters) resulting in significant increases to their gas usage, and therefore, the number of these trippings could lead to the generation of countless reports with no measurable benefit to public safety. This could easily be resolved if the language were modified to, for example, limit the reporting requirement only to unplanned shutdowns that affect distribution mains or transmission pipelines.

Similarly, also on page 3 of Attachment A, the Commission proposes to add a requirement that pipeline operators report "[i]ncidents where the failure of a pressure relieving and limiting stations [sic], or any other event, results in pipeline system pressure exceeding its established MAOP." There are momentary pressure waves that can occur under normal pipeline

operations due to load changes and interaction between equipment used to maintain flow and pressure. These changes can result in occasional short duration (less than ten-second) pressure excursions of 1-2% from set points. Moreover, instrumentation employed to record the outlet pressure may have combined (in)accuracy of ½%-1%, depending on the instrument's attributes, and will record these short pressure excursions. Federal code section 192.201 was developed in consideration of these physical realities and limitations, and the general safety margin built into allowable pipeline stress calculations, and, as such, incorporates a 10% margin above MAOP for reporting. The Commission should implement a technical workshop process to take such factors into consideration in developing new rules and reporting requirements in this proceeding.

IV. The Commission Should Prioritize Certain Topics Raised in Attachment B to Enhance Public Safety.

In Attachment B, the Commission sets forth the rationale for and description of draft rules that Commission staff is currently developing on twelve topics that range from prioritizing retrofit of existing pipelines to allow in-line inspections to making uniform the Commission's rules on underground clearance requirements. The OIR indicates that the Commission expects to bring forward specific draft rules on those topics early in the proceeding.[9]

In general, SoCalGas and SDG&E support the consideration of proposed rule changes in areas identified in Attachment B. Some, however, are more important than others and should be addressed in the early stages of the proceeding. The Utilities believe that the following rule topics are the more important topics to be considered in this Rulemaking:

1. Requiring operators of natural gas transmission lines to establish programs that will continuously evaluate and prioritize transmission pipelines that are currently considered "non-piggable" to be retrofitted to allow for in-line inspection tools. SoCalGas and SDG&E have already initiated such programs, and encourage the

[9] OIR, p. 7.

Commission to make this issue a high priority issue to be considered on an expedited basis in this proceeding.

2. Adopting criteria for the installation of either automatic shut-off or remote-controlled capability on valves located in Class 3 or Class 4 locations and high consequence areas in Class 1 and Class 2 locations. Again, SoCalGas and SDG&E have already undertaken proactive efforts to identify locations that would benefit from additional valve control capability, and believe that this issue should be considered a high priority issue to be addressed in the early stages of this proceeding.
3. Considering methods for strengthening emergency response procedures. SoCalGas and SDG&E already have Supervisory Control and Acquisition Data (SCADA) systems in place for monitoring pressures and flows, which may be used to support emergency response. In addition, as noted in Section II.E above, SoCalGas and SDG&E propose in their consolidated GRCs to enhance their Public Awareness Programs.
4. Adopting uniform clearance requirements for natural gas pipelines and other subsurface structures.
5. Incorporating One-Call Law requirements into the Commission's regulatory framework. SoCalGas and SDG&E presently utilize participation in the Federal One-Call System to help ensure their compliance with federal one-call regulations.
6. Increasing reporting and monitoring of cathodic protection deficiencies.
7. Considering ways to minimize risks associated with mechanical/compression fittings.

A few issues raised in Attachment B should be given lower priority for consideration in this proceeding or would be more appropriately considered in a later phase of this proceeding. For example as discussed in Section II.G above, issues related to the integrity of the distribution system, such as regulations pertaining to pipelines operating below 100 psig and identification of threats to distribution lines, should be addressed after the gas utilities have implemented their Distribution Integrity Management Programs.

As recommended above with respect to the rule changes proposed in Attachment A, SoCalGas and SDG&E urge the Commission to consider the proposed rule changes described in Attachment B through a collaborative workshop process, rather than through a potentially adversarial formal briefing process. SoCalGas and SDG&E believe that rule changes developed through a collaborative process, with the support of the gas utilities, other stakeholders and Commission staff, are more likely to achieve the Commission's safety and reliability goals in the most efficient, expeditious and operationally feasible manner possible.

V. CONCLUSION

For the reasons set forth above, SoCalGas and SDG&E respectfully request that the Commission refine the scope of the OIR as recommended herein. SoCalGas and SDG&E also request that the Commission implement a collaborative workshop process in order to bring technical experts, agencies and stakeholders together in furtherance of the Commission's efforts to develop and refine forward-looking rule changes and ratemaking policies to enhance the integrity of California's natural gas pipeline infrastructure.

Respectfully submitted,

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April 13, 2011