BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

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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 THE CITY AND COUNTY OF SAN FRANCISCO
IN SUPPORT OF PROPOSALS FROM REPRESENTATIVE JACKIE SPEIER

I. INTRODUCTION

Pursuant to the Assigned Commissioner's Ruling ("ACR") issued April 7, 2011, the City and County of San Francisco ("CCSF") submits these comments on the natural gas transmission safety proposals from Representative Jackie Speier. The ACR states that Commissioner Florio believes the proposals set forth in an April 1, 2011 letter to the California Public Utilities Commission (the "Commission") are constructive and thoughtful and seeks comment on how to best incorporate the proposals into this proceeding.

The proposals from Representative Speier address important safety issues that have been identified as a result of the San Bruno disaster. CCSF supports adoption of these proposals and recommends several modifications intended to make the provisions even more effective at protecting public safety. In addition, CCSF comments on procedural mechanisms for incorporating the proposals into this proceeding, as requested by the ACR. The Commission should adopt the proposals by amending or revising General Order ("GO") 112-E. Many of Representative Speier's suggestions would place a continuing safety obligation on natural gas transmission pipeline operators and would best be codified in the GO. In addition, for proposals

requiring more immediate action and those intended to remedy the absence of pressure test records, the Commission should issue interim orders. Finally, some proposals address conduct by the Commission. As the Commission addresses these proposals, it should provide additional information and seek additional comment from the public.

II. DISCUSSION

A. CCSF Supports Representative Speier's Proposals.

Representative Speier's letter offers fourteen ways to improve consumer safety. The proposals appear to be a list of best practices for pipeline safety, addressing many gaps in current pipeline regulations. CCSF supports the fourteen proposals, and offers several suggestions intended to bolster or clarify the Commission's mandate to protect public safety.

Proposal 1: Require operators to share the location of transmission lines with any and all first responders. Also require operators and first responders to exchange and maintain emergency contact information and emergency response plans. The proposals would require operators to make annual contact with first responders to insure that all exchanged information is correct.

CCSF supports requiring operators to establish contacts with local emergency responders and share the location of gas transmission pipelines as well as emergency response plans. Doing so creates greater assurance that operators and local first responders will respond appropriately in an emergency. The proposal should also require that the emergency response plans be provided to local first responders on a periodic basis, and at least annually. In addition, the Commission should require operators to update first responders any time their contact information or emergency response plans change and encourage first responders to do the same. This way, in the event of an emergency, first responders and gas operators can proceed efficiently with confidence that the information being relied upon is correct and up-to-date.

Proposal 2: Require operators to annually disclose the presence of natural gas transmission lines to all customers that live or work within 2,000 feet of a natural gas

transmission line. Operators would also be required to include contact information for reporting suspected leaks.

CCSF supports providing customers notice of the presence of transmission lines and contact information for reporting leaks. CCSF suggests, further, that when the operators disclose the presence of the gas transmission lines that such disclosure occur through a separate mailer in addition to a bill insert, and that all operators allow customers to view the location of transmission lines via the internet. CCSF is aware that at least one operator is already sharing this type of information with both first responders and the public through the internet. The Commission should formalize this information disclosure through an interim order.

Proposal 3: Require the Commission to establish a statewide database of pipelines removed from service. The database would contain the following information provided by the operator: reason for removal; condition of the pipe, including condition of welds; age and name of manufacturer. The Commission would be charged with identifying any trends.

CCSF supports this proposal, and in addition believes that the Commission should allow the public to access the database. Open sharing of this type of information with other safety agencies and the public could assist the Commission in identifying best practices and emerging trends regarding the condition of gas transmission pipelines.

Proposal 6: Preclude operators from maintaining historical MAOPs by intentional spiking of pressure to or beyond the MAOP level.

CCSF agrees that historical MAOP should not be established by intentional spiking. In addition to adopting this rule, the Commission should make clear that operators should calculate MAOP based on the weakest component in a segment of pipeline or by pressure testing.

Proposal 10: Gas Operators shall report to the CPUC any increase over MAOP within 24 hours.

CCSF supports this proposal and suggests that in addition to reporting the incident, the gas operator should also inform the Commission of what action it has or will take in response.

For instance, it may be appropriate to take remedial action such as pressure testing as suggested in 49 C.F.R. §192.917, or address the cause of the pressure increase.

Proposal 14: Increase CPUC funding to provide for more inspectors.

CCSF supports this proposal, and believes the Commission should provide more specific information to support a funding increase. For example, the Commission should determine the number of miles of transmission lines an inspector can reasonably inspect in one year and the frequency with which inspections should occur in order to assess how many inspectors are required. As part of this effort, the Commission should also consider other changes to its practices that will assist the Commission in thoroughly and regularly auditing and inspecting the gas transmission system. For instance, the Commission should consider whether it is appropriate to adopt specific rules to guide its inspectors, and whether it should provide the inspectors with increased abilities to enforce the safety standards by levying fines or penalties or other appropriate sanctions.

B. The Commission Should Incorporate Representative Speier's Proposals 1, 2, 4, 5, 6, 8, 10, and 13 Through Revisions to General Order 112-E.

GO 112-E contains the Commission's safety rules supplemental to the federal minimum standards. The Commission should adopt proposals 1, 2, 4, 5, 6, 8, 10, and 13 through new and amended rules in GO 112-E. Each of these proposals places continuing safety obligations upon gas operators and would be appropriately enforced as part of an operator's regulatory requirements. The Commission should draft rules implementing these proposals. Parties should then have the opportunity to comment on the proposed rules, similar to the rules proposed in the OIR and the March 24, 2011 ACR.

1. In Addition to Implementing Proposals 1, 2, 6, and 10 Through the GO, the Commission Should Implement Those Proposals Through Interim Orders.

CCSF believes that these proposals are either already being implemented by the utilities or in revisions to GO 112-E proposed by the OIR and March 24, 2011 ACR. Implementing the first two proposals will ensure that first responders and the public are prepared in the event of an emergency. As mentioned above, CCSF is aware that one operator is already sharing this type of information with both first responders and the public in its service territory. Because of the immediate benefits presented by these proposals, they should be implemented through interim orders in addition to being incorporated into the GO. Similarly, because of the dangers presented by relying on historical MAOP established by spiking pressure, the Commission should prohibit this practice immediately and implement proposal six through an interim order.

Further, the amendments to GO 112-E Rule 122.2(a) proposed by Commissioner Florio in the OIR and the March 24, 2011 ACR would implement the substance of the tenth proposal. As stated in CCSF's comment on the OIR and March 24, 2011 ACR, CCSF supports making immediate changes to GO 112-E, including requiring gas operators to report when MAOP has been exceeded, and requiring that all incidents reportable pursuant to Rule 122.2(a) be reported within two hours.

C. Other Proposals Can Be Implemented Through Interim Orders.

Proposals 7, 8, and 9 are aimed at validating or establishing MAOP through the use of pressure tests or engineering specifications. Proposals 11 and 12 appear to be intended to remedy the use of older pipe and pipe suspected to be faulty. Because these proposals are intended to remedy these operational deficiencies rather than providing continuing safety guidance or requirements, they may be more appropriately implemented as directives to the utilities rather than being incorporated in to the GO. In addition, if the Commission adopts Administrative Law Judge Bushey's proposed decision, many of these proposals would be

enforced through the Natural Gas Transmission Pipeline Comprehensive Pressure Testing Implementation Plan.

D. Commission Obligations

Proposals 3 and 14 are obligations for the Commission to fulfill. The Commission should move forward with developing the information and procedures necessary to implement these proposals.

III. CONCLUSION

CCSF appreciates the opportunity to comment on Representative Speier's proposals and urges the Commission to incorporate these important safety measures expeditiously.

Respectfully submitted,

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Dated: May 27, 2011

CERTIFICATE OF SERVICE

I, Paula Fernandez, declare that:

I am employed in the City and County of San Francisco, State of California. I am over the age of eighteen years and not a party to the within action. My business address is City Attorney's Office, City Hall, Room 234, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102; telephone (415) 554-4623.

On May 27, 2011, I served the **COMMENTS OF THE CITY AND COUNTY OF SAN FRANCISCO IN SUPPORT OF PROPOSALS FROM REPRESENTATIVE JACKIE SPEIER by electronic mail on all parties on the service list R.11-02-019.** Addressees without email were served as follows:

☒ **BY UNITED STATES MAIL**: Following ordinary business practices, I sealed true and correct copies of the above documents in addressed envelope(s) and placed them at my workplace for collection and mailing with the United States Postal Service. I am readily familiar with the practices of the San Francisco City Attorney's Office for collecting and processing mail. In the ordinary course of business, the sealed envelope(s) that I placed for collection would be deposited, postage prepaid, with the United States Postal Service that same day.

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I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on May 27, 2011, at San Francisco, California.

/S/
Paula Fernandez