

**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.

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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 CONGRESSWOMAN JACKIE SPEIER'S APRIL 1, 2011 PROPOSALS  
FOR NATURAL GAS PIPELINE SAFETY**

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May 27, 2011

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Pursuant to Ordering Paragraph One of the April 7, 2011 Assigned Commissioner’s Ruling Requesting Comment on Proposal from Congresswoman Speier, Adding Topic to Report from Pacific Gas & Electric Company (PG&E), and Revising Schedule for Filing Comments on Order Instituting Rulemaking (April 7 ACR), Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) offer the following comments on Congresswoman Jackie Speier’s April 1, 2011 letter (April 1 Proposals).

**I. BACKGROUND**

On September 9, 2010, a 30-inch diameter natural gas transmission pipeline owned and operated by PG&E ruptured and caught fire in the city of San Bruno, California. In response, the California Public Utilities Commission (the Commission or CPUC) issued *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* (OIR). As explained there, this OIR is “a forward-looking effort to establish a new model of natural gas pipeline safety regulation applicable to all California pipelines.”<sup>1</sup> The goals of the OIR are to develop, among other things, changes to existing safety-related regulations of natural gas infrastructure, including pipeline replacement criteria, use and placement of automatic shut-off and/or remote control valves, emergency response plans, and other means to enhance the integrity of California’s natural gas infrastructure.

On April 1, 2011, United States Congresswoman Jackie Speier, whose constituents include the residents of San Bruno, sent a letter to Paul Clanon, Executive Director of the Commission, expressing appreciation to the Commission for holding a public participation hearing in this matter in San Bruno, California. In this letter, Congresswoman Speier offers fourteen proposals “to improve consumer safety in the delivery of natural gas by any and all operators subject to regulation by the CPUC.” Most of these proposals involve technical rulemaking matters, which would be most effectively addressed through a collaborative workshop process, rather than through written comments. Accordingly, SoCalGas and SDG&E recommend that these topics be included in the technical workshop process that they proposed in their April 13, 2011 comments on the OIR. In Section III below, SoCalGas and SDG&E propose topics and a schedule for technical workshops, which takes into account the need for swift action, but also allows sufficient time for that technical workshop process to take place before implementing the April 1 Proposals. In the interim, SoCalGas and SDG&E offer the following initial comments on those proposals.

## **II. DISCUSSION OF APRIL 1 PROPOSALS**

- A. “Require that operators disclose the location of transmission pipelines to any and all first responders. Such disclosure shall be in person to insure the information is received and understood. Additionally, the operator and the first responders shall exchange and maintain**

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<sup>1</sup> OIR, p. 1.

**emergency contact information and emergency response plans to be used in case of a natural gas leak and/or fire. Operators should make annual contact with first responders to insure that all exchanged information is current.”**

SoCalGas and SDG&E fully support efforts to enhance communication and coordination between pipeline operators and first responders. Indeed, SoCalGas and SDG&E have a long history of working closely with local first responders in a collaborative manner, and their strong safety records are a reflection of that collaboration. But Congresswoman Speier’s proposal that information be provided “in person to insure the information is received and understood” and that “[o]perators . . . make annual contact with first responders to insure that all exchanged information is current” may not be optimal or feasible to implement, and therefore, should be carefully vetted through a technical workshop process.

Current regulations direct pipeline operators to “select the optimum combination of message, delivery method, and frequency that meets the needs of the intended audience.”<sup>2</sup>

Federal and State regulations also require pipeline operators to:

Establish and maintain liaison with appropriate fire, police and other public officials to:

- (1) Learn the responsibility and resources of each government organization that may respond to a gas pipeline emergency;
- (2) Acquaint the officials with the operator’s ability in responding to a gas pipeline emergency;
- (3) Identify the types of gas pipeline emergencies of which the operator notifies the officials; and
- (4) Plan how the operator and the officials can engage in mutual assistance to minimize hazards to life and property.<sup>3</sup>

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<sup>2</sup> American Petroleum Institute Recommended Practice 1162, Appendix C, p. 35 (*incorporated by reference in C.F.R. §192.616*).

<sup>3</sup> C.F.R. § 192.615(c).

These current regulations provide the level of flexibility that is necessary to ensure that information is conveyed in an optimal manner. Consistent with these requirements, SoCalGas and SDG&E Emergency Services personnel coordinate communications through thirteen county emergency coordinators, who are responsible for passing on information vital to public safety to the appropriate fire, police and other public officials that serve the 13 counties within SoCalGas and SDG&E service territories.

Consistent with federal and state regulations, SoCalGas and SDG&E also provide transmission pipeline location information to first responders through their respective websites and also the Pipeline and Hazardous Materials Safety Administration's (PHMSA) National Pipeline Mapping System.<sup>4</sup> In addition, upon request, SoCalGas and SDG&E provide GIS electronic maps of their transmission pipeline system.

In contrast, a rule that would require "in person" delivery of information under all circumstances may not be optimal for several reasons. First, pipeline operators can only set up meetings and invite in person participation; they lack the authority to mandate that first responders attend those meetings. Second, electronic means of communication may be more readily accessed by first responders, and therefore, may reach a broader audience than in person methods. Third, electronic means of communications may be updated more quickly and efficiently by pipeline operators than in person methods. Finally, the means of conveying information should be determined collaboratively with first responders, to ensure that they are receiving the information in a manner that is optimal for them. Accordingly, while in person meetings are currently an important part of SoCalGas' and SDG&E's public awareness program, a requirement that all information be conveyed to first responders in person would not serve to enhance public safety and should not be adopted. SoCalGas and SDG&E, however, think it is important to explore other options for enhancing public awareness through a collaborative workshop process.

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<sup>4</sup> Available at <http://www.npms.phmsa.dot.gov/> (implementing IAPI RP 1162, 1<sup>st</sup> Ed., p. 11, Table 2-1 (December 2003)). The PHMSA's mapping system is made publicly available and therefore, access to this information is not limited to first responders.

**B. “Require that operators disclose to customers the fact that they reside or work within 2,000 feet of a natural gas transmission line. Require that this notice be done annually and include contact information for reporting suspected gas leaks.”**

Implementation of this proposal would expand the current Public Awareness Zone which is based on API RP 1162, by threefold. While SoCalGas and SDG&E are not opposed to expanding the Public Awareness Zone, it is not clear how or why this 2,000-foot value was selected. Before implementing a new notice requirement, technical workshops should be held to determine the appropriate value for the Public Awareness Zone, based on sound reasoning and engineering principles.

In addition, existing Federal regulations require that pipeline operators “advise affected municipalities, school districts, businesses and residents of pipeline facility locations.”<sup>5</sup> In contrast, the recommended requirement to “disclose to customers the fact that they reside or work within 2,000 feet of a natural gas transmission line” appears to only require notice to customers, and further, could be construed as requiring pipeline operators to obtain and maintain information regarding their customers’ places of employment. Should the Commission determine that additional disclosure requirements be imposed, that disclosure requirement needs to be consistent with Federal regulations, which do not limit disclosure to customers and do not require pipeline operators to gather information regarding their customers’ places of employment.

**C. “Require the CPUC to establish a statewide database of pipelines removed from service. This database shall contain the following information provided by the operator: the reason for the removal; the condition of the pipe including the condition of weld its age, and the name of the manufacturer. The CPUC shall use the database to identify any emerging trends such as excessive corrosion or stress fractures specific to a manufacturer.”**

This proposal should not be adopted. If adopted this proposal, which is intended to enhance public safety, may divert resources away from the current integrity management

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<sup>5</sup> C.F.R § 192.616(e).

programs without providing any discernible public safety benefit. There are many factors that contribute to time-dependent failure mechanisms (such as corrosion and cracking), and these phenomena are tied to specific combinations of operating history and localized environmental factors. Accordingly, current integrity management programs require that pipelines with similar conditions, such as stress fractures, be monitored.

Implementation of this proposal would require the collection of potentially misleading information, because correlations drawn based on abandoned pipelines would very likely provide an inaccurate reflection of the condition of active lines. Under their existing pipeline integrity programs, SoCalGas and SDG&E no longer operate or maintain the integrity of a pipeline once it has been removed from service or abandoned. Instead, resources are devoted to the maintenance and operation of pipelines that are in service. Therefore, once abandoned, a natural gas pipeline would not provide useful information regarding “excessive corrosion” or “stress factors specific to a manufacturer.” Rather, the condition of the abandoned pipeline is more likely to reflect the condition of the soil and other external factors. Accordingly, this information could be potentially misleading and any opinions regarding “excessive corrosion” or “stress factors specific to manufacturer” based on abandoned pipeline data are likely to be invalid.

**D. “Require installation of automatic or remote control shut-off valves every five miles in lines that are in high consequence areas or that run along an earthquake fault.”**

SoCalGas and SDG&E agree in principle that nominal five-mile spacing of sectionalizing valves in high consequence areas enhances an operator’s ability to isolate and evacuate a damaged pipeline in a reasonable and effective timeframe. This valve spacing provides other operational benefits as well, and has been a common practice in many of the pipeline systems located in developed areas. Indeed, strategic placement of remote controlled or automated shut-off valves is an important part of SoCalGas’ and SDG&E’s pipeline integrity program today. Focusing on the larger, higher

pressure pipelines for deployment of additional automated shut-off and remote-controlled valves is the reasonable approach, and accordingly, SoCalGas and SDG&E recommend that pipelines 12-inch diameter and larger and operating at 200 psig and above in Class 3 and 4 or HCA locations be equipped with remote control and/or automatic shut-off capability. The placement of remote control shut-off valves is an important determination that should be carefully selected based on sound engineering principles that take into account all relevant criteria (for example, customer impacts during operation, terrain conditions, obstacles, city planning limitations, environmental impacts), not solely on prescriptive distance mandates. Accordingly, the five-mile spacing recommended in the April 1 Proposal should not be adopted as an inflexible requirement.

Careful consideration and sound engineering principles should also be taken into account with respect to the placement of automatic and remote control valves near earthquake faults. Where natural gas pipelines traverse a known active earthquake fault, the pipeline segments that could become impacted should be properly bound by shutoff valves on either side of the fault for immediate isolation. This, however, is not necessarily the case for pipelines that “run along” a known earthquake fault. As part of their existing pipeline integrity programs, SoCalGas and SDG&E incorporate lessons learned from past earthquakes. To that end, SoCalGas and SDG&E conducted a comprehensive study of pipeline performance from the 1994 Northridge earthquake. Experience to date demonstrates that pipelines that “run along,” as opposed to crossing, an earthquake fault are typically not subject to damage unless the pipeline is impacted by secondary earthquake effects such as liquefaction or landslides along the alignment. High ground accelerations or strong ground shaking can cause damage to older pipelines. The potential for pipeline damage depends mostly on soil conditions and how the site responds to ground motions, as well as the pipeline’s condition.

Because of the complications associated with the placement of automatic shut-off and remote-controlled valves, SoCalGas and SDG&E recommend that criteria be established through technical workshops.

**E. “Require the CPUC to audit the integrity management plans of all operators every two years. Audit exceptions that are deemed critical shall be responded to within 24 hours while all other exceptions must be responded to within 30 days.”**

In general, this proposal is reasonable, so long as a clear definition of the term “critical” is developed through a technical workshop process.

**F. “Make it clear that an operator may not maintain historical MOAPs [sic] by intentional spiking of pressure to or beyond the MOAP [sic] level.”**

SoCalGas and SDG&E support this recommendation and believe it is consistent with current Federal regulations. SoCalGas and SDG&E have not interpreted and do not interpret 49 C.F.R. 192.917(e)(4) as authorizing pipeline operators to increase pressure on a pipeline for the sole purpose of maintaining its established MAOP.

**G. “If an operator does not have documentation that a pipeline segment has been pressure tested, then one of the following must occur: reduce pressure 20%; hydro-test; or replace.”**

Congresswoman Speier’s proposal implies that pressure testing may only be performed using water as the medium, which is inconsistent with current Federal regulations. Pipeline operators should maintain the ability to conduct pressure testing using all mediums that are currently authorized under Federal regulations.<sup>6</sup> Additionally, as non-destructive evaluation methods capable of providing an equivalent level of integrity are enhanced and validated, operators should be authorized to select from the entire range of test methods available to determine which is best-suited for the particular circumstances involved with each pipeline segment.

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<sup>6</sup> See C.F.R. §192.503(b) (“The test medium must be liquid, air, natural gas, or inert gas that is—(1) Compatible with the material which the pipeline is constructed; (2) Relatively free of sedimentary materials; and (3) Except for natural gas, nonflammable”).

**H. “Establish a rule for the duration of pressure test.”**

Existing Federal rules already mandate the duration of pressure tests.<sup>7</sup>

**I. “Define the ‘most conservative value’ to be assigned to any segment of pipeline that does not have a record of being pressure tested.”**

SoCalGas and SDG&E agree that this term should be clearly defined, and propose that this definition be developed through a technical workshop process.

**J. An operator shall report to the CPUC any increase over MAOP within 24 hours.**

This proposal should be vetted through the technical workshop process.

Momentary pressure waves 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, which incorporates a 10% margin above MAOP for reporting, was developed in consideration of these physical realities and limitations, and the general safety margin built into allowable pipeline stress calculations. The Commission should implement a technical workshop process to take such factors into consideration in determining whether this 10% margin should be changed, and if so, to determine an appropriate margin.

**K. “Require every operator to provide a replacement plan for any pipeline installed prior to 1961 in a high consequence area. Each plan shall contain a timeframe for replacement beginning with the highest risk pipeline and descending to the lowest risk pipeline. The plan shall contain an estimated cost of replacement.”**

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<sup>7</sup> See C.F.R. §192.505(c) (“Except as provided in paragraph (e) of this section, the strength test must be conducted by maintaining the pressure at or above the test pressure for at least 8 hours”) and §192.505(e) (“For fabricated units and short sections of pipe, for which a post installation test is impractical, a pre-installation strength test must be conducted by maintaining the pressure at or above the test pressure for at least 4 hours”).

The Proposed Decision in this rulemaking proceeding provides California natural gas pipeline operators with an opportunity to propose criteria for selection and prioritization of pipeline segments for replacement, and further provides for pipeline operators and other stakeholders to collaborate on the development of such criteria through a technical workshop process. SoCalGas and SDG&E believe the age of a pipeline is but one of many criteria that should be taken into account when selecting and prioritizing pipeline segments for replacement, and looks forward to developing those criteria, based on sound engineering principles, through the collaborative workshop process.

**L. “Require that all pipe sold by Consolidated Western be inspected and tested, or replaced.”**

The Proposed Decision provides California natural gas pipeline operators with an opportunity to propose criteria for selection and prioritization of pipeline segments for testing or replacement, and further provides for pipeline operators and other stakeholders to collaborate on the development of such criteria through a technical workshop process. SoCalGas and SDG&E believe that so long as such criteria are carefully developed and applied based on sound engineering principles, the manufacturer that sold a particular pipeline segment need not be a determining factor.

**M. “Promulgate a rule for how the age of a pipeline shall be considered a risk factor and how the inability to utilize internal inspection equipment increases risk as a pipe ages.”**

SoCalGas and SDG&E already take these factors into account under their existing pipeline integrity programs. It would not be feasible to come up with a one-size-fits-all regulation for “how” such factors should be considered in all cases. While regulations that require pipeline operators to take these factors into account are reasonable, the Commission should not adopt additional regulations to preclude pipeline operators from using sound engineering principles to determine how to take those factors into account under each unique set of circumstances surrounding the pipeline segments within their

systems. Rather, the Commission should support the appropriate level of flexibility that is provided for under Federal regulations.

**N. “Increase CPUC’s funding to provide for more inspectors.”**

SoCalGas and SDG&E do not oppose efforts to increase the number of CPUC inspectors.

**III. PROPOSED WORKSHOP SCHEDULE**

In comments on the OIR, SoCalGas and SDG&E proposed 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 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. On May 10, 2011, Administrative Law Judge Maribeth Bushey issued a Proposed Decision Determining Maximum Allowable Operating Pressure Methodology and Requiring Filing of Natural Gas Transmission Pipeline Replacement or Testing Implementation Plans (Proposed Decision), which directs the State’s natural gas utilities to prepare proposed implementation plans to bring all transmission pipelines in service in California into compliance with modern standards of safety. Recognizing the need for swift action, the Proposed Decision lays out an aggressive schedule for preparation and consideration of the implementation plans, and grants the request by SoCalGas and SDG&E for technical workshops to develop implementation details, including criteria for prioritization of work, prior to filing the implementation plans.

In this OIR, the Commission undertakes an unprecedented effort to establish a new model of natural gas pipeline safety and reliability in California. The scope of this proceeding is necessarily broad and includes numerous complex issues related to the safety

and reliability of the State’s natural gas pipeline system. In order to address these issues in an orderly and efficient manner, and in order to take action on the most urgent matters as quickly as possible, SoCalGas and SDG&E propose that the Commission prioritize issues and address them in separate, but concurrent tracks. Accordingly, SoCalGas and SDG&E propose the following workshop schedule to prioritize the topics that should be addressed on an expedited basis prior to the filing of proposed Implementation Plans, and to provide a proposed schedule for technical workshops on issues raised in the OIR and April 1

Proposals:

<b>Track 1</b>	
<b>Implementation Plans to address transmission pipelines in Class 1 and 2 locations and Class 3 and 4 High Consequence Areas that do not have documentation to show that they have been pressure tested</b>	
<b>Topic</b>	<b>Date</b>
Overview of PG&E, SoCalGas and SDG&E Transmission Pipeline Systems; Potential Threats to Pipeline Integrity; Implementation Plan Prioritization; Criteria for Determining Whether to Pressure Test, Replace, or Take Other Actions	June 22-23, 2011
In-Line Inspection Tools Symposium	June 24, 2011
Overview of Automatic and Remote-Controlled Shut-Off Valves; Criteria for Valve Selection and Placement	June 30, 2011

<b>Track 2</b>	
<b>Proposals to Address Other Potential Threats to Pipeline Integrity/ Proposed Rules Governing Public Awareness and Coordination with First Responders/ Proposals to Address Barriers to Implementation of Pipeline Integrity Plans</b>	
<b>Topic</b>	<b>Date</b>
Public Awareness of Natural Gas Pipeline Safety Issues and Coordination with First Responders	October 3, 2011
Barriers to Implementation of Pipeline Integrity Plans	October 4, 2011
Other Potential Threats to Pipeline Integrity	November 10, 2011
Proposed Modifications to General Order 112-E (Grandfathering/MAOP rules, strength testing rules, reporting requirements, recordkeeping requirements)	November 17-18, 2011

<b>Track 3</b>	
<b>Implementation Plans to Address Class 1 and Class 2 Non-HCA Transmission Pipeline Segments That Do Not Have Documentation to Show That They Have Been Pressure Tested</b>	
<b>Topic</b>	<b>Date</b>
Emerging Technologies and Non-Destructive Testing Methods	May 2012
Lessons learned from implementation of Phase 1 Implementation Plans	May 2012

#### **IV. CONCLUSION**

SoCalGas and SDG&E fully support the efforts of this Commission to develop forward looking policies and regulations to enhance natural gas pipeline safety and reliability in California. To further those efforts, SoCalGas and SDG&E encourage the Commission to consider the technical proposals offered by Congresswoman Speier through a technical workshop process, so that the concerns raised herein, and other factors raised by other parties to this proceeding, may be addressed through a collaborative process.

Respectfully submitted,

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