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

DIVISION OF RATEPAYER ADVOCATES' COMMENTS ON TECHNICAL REPORT OF THE CONSUMER PROTECTION AND SAFETY DIVISION

I. INTRODUCTION

In accordance with the Amended Scoping Memo and Ruling of the Assigned Commissioner issued in the above-captioned proceeding on November 2, 2011, as amended by the Administrative Law Judge's Ruling Modifying Schedule and Granting Motions for Party Status issued on January 5, 2012, the Division of Ratepayer Advocates ("DRA") hereby submits its comments on the Consumer Protection and Safety Division's ("CPSD") technical report[1] on the Pipeline Safety Enhancement Plan ("PSEP" or "Plan") of Southern California Gas Company ("SoCalGas") and San Diego Gas & Electric Company ("SDG&E") (jointly, "Sempra" or "the Sempra Utilities").

II. INITIAL COMMENTS ON CPSD TECHNICAL REPORT

DRA commends CPSD on its technical analysis of SoCalGas and SDG&E's PSEP. DRA is conducting its own review of the Sempra Utilities' proposals, and DRA will present its testimony regarding Sempra's Plan either in this proceeding or in

[1] *See* Rulemaking ("R.") 11-02-019, Technical Report of the Consumer Protection and Safety Division Regarding the Southern California Gas Company and San Diego Gas and Electric Company Pipeline Safety Enhancement Plan ("CPSD Report"), Jan. 17, 2012.

Sempra's pending Triennial Cost Allocation Proceeding ("TCAP"), Application 11-11-002. DRA offers the following preliminary comments on CPSD's Report.

A. PSEP Pipeline Testing and Replacement Decision Process

DRA needs to further analyze Sempra's proposed prioritization and decision process; however, DRA generally agrees with CPSD that the prioritization process could be enhanced.[2] DRA agrees with CPSD's finding that Sempra should re-evaluate its proposed decision tree to determine if certain low-stress, pre-1946, non-piggable pipe can be pressure tested rather than replaced.[3] Sempra's proposal to replace all pre-1946, non-piggable pipelines appears to be unsupported. CPSD notes that "D.11-06-017 does not mandate that all non-piggable, pre-1946 pipe, be replaced."[4] DRA intends to present an analysis of this issue in its testimony. DRA agrees with CPSD's finding that for pipe that has been evaluated and identified to be replaced, the decision process should prioritize the replacement of pre-1946, non-piggable pipeline.[5] The CPSD Report does not appear to address the possibility of missing or insufficient pressure test records for pre-1946 vintage pipe; DRA intends to conduct further analysis pertaining to the lack of sufficient pressure test records.

B. CPSD Sample Review of Segment Prioritization Results

Based on a review of four sample segments to be selected for Phase 1 pressure-testing or replacement, CPSD finds:

> The projects sampled by CPSD raise a concern a concern that some of the Companies' prioritized projects, especially the large project related to Line 1600 included in the PSEP for Phase 1, may not be targeting the highest priority pipe segments. CPSD believes that that a significant portion of the

[2] *See* CPSD Report at 10.

[3] *See* CPSD Report at 10-11.

[4] CPSD Report at 11.

[5] *See* CPSD Report at 11.

> estimated costs for these projects appear to be inappropriately targeted towards testing or replacing low priority pipe.[6]

DRA generally agrees with CPSD's findings and will further review the issues in preparation for its testimony on Sempra's Plan.

C. CPSD Review of Valve Enhancement Process

CPSD finds that "[t]he additional enhancement measures related to automated valves, as proposed by the Companies, would improve current performance and CPSD recommends that the CPUC allow the Companies to proceed with their proposal to install telemetry facilities and backflow prevention devices at all locations as planned."[7] CPSD recommends that:

> If the CPUC is willing to accept some risk of false closure, the number of automated valves proposed in the PSEP could be reduced with the installation of [automatic shut-off valves], at intervals longer than those being proposed by the Companies for [remote controlled shut-off valve] installations, and still ensure that gas flow is stopped within 30 minutes of a full breach of the pipeline.[8]

DRA is currently analyzing Sempra's valve proposals and will present its analysis and recommendations in testimony.

D. Other Methods Proposed to Validate Pipeline Strength In Lieu of Pressure Testing or Replacement

DRA agrees with CPSD's findings that Sempra's proposal to run a transverse field inspection ("TFI") tool prior to pressure testing is not necessary to meet the requirements mandated by D.11-06-017 and that Sempra has not justified running a TFI tool on all piggable lines prior to pressure testing.[9] DRA will present its analysis regarding this issue in its prepared testimony. DRA will explore the potential impacts on Sempra's Integrity Management Program ("IMP") of Sempra's proposed pressure testing and

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[6] CPSD Report at 12-13.

[7] CPSD Report at 16.

[8] CPSD Report at 16.

[9] *See* CPSD Report at 18-19.

replacement, and alternative testing methods. DRA generally supports CPSD's finding regarding potential opportunities to coordinate Sempra's IMP and PSEP activities.[10] DRA will present its analysis of this issue in testimony. CPSD finds that the Commission "should require static pressure tests as a validation method."[11] CPSD recommends that segments shorter than 1,000 feet "should be pressure tested or replaced rather than directly examined replaced rather than directly examined in light of the limited cost savings associated with direct examination for these shorts."[12] DRA will be reviewing both of these issues further and will present any recommendations in its testimony.

E. Technological Enhancements for Incident Detection

DRA generally supports CPSD's findings regarding the installation of methane leak detection technology.[13] DRA supports CPSD's finding that new technology should be tested through a pilot program prior to wide-scale system deployment.[14] DRA will explore this issue further and present its analysis and recommendations in prepared testimony.

F. Program Management Office

DRA is reviewing this issue and will present any recommendations in its testimony.

G. Line Downtime and Interim Measures

Regarding Sempra's estimates of line downtime or "clearance" times, CPSD finds: "Discretionary activities, such as removal of wrinkle bends or Oxy-Acetylene Girth welds, may be drivers of the extensive clearance times the Companies have identified for pressure tests which are then used as the basis for replacing a segment rather than performing a pressure test on it."[15] Regarding interim measures such as patrolling for

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[10] *See* CPSD Report at 19.

[11] CPSD Report at 19-20.

[12] CPSD Report at 20-21.

[13] *See* CPSD Report at 21-22.

[14] *See* CPSD Report at 22.

[15] CPSD Report at 23.

third-party excavations near an operator's pipeline, CPSD finds that "[s]ome cost savings could be realized by changing the frequency of patrols to semi-annual from bi-monthly."[16] DRA supports CPSD's findings regarding the above issues and will present its analysis on these topics in testimony.

H. Cost Responsibility

CPSD finds that, "If the Companies cannot provide records showing that the 20 miles of pipeline segments installed between July 1, 1961 and 1970 were tested and documented per GO 112 requirements, the segments lacking documentation must be tested or replaced at the Companies' expense."[17] DRA supports the underlying logic of CPSD's finding that the costs of testing and replacing pipe for which Sempra lacks sufficient pressure test records should be borne by shareholders rather than by ratepayers. DRA will present its recommendations regarding cost responsibility in its testimony.

III. CONCLUSION

DRA appreciates the opportunity to offer preliminary comments on CPSD's Technical Report regarding Sempra's PSEP.

Respectfully submitted,

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[16] CPSD Report at 23.

[17] CPSD Report at 24.