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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and perform Long-Term Gas System Planning

Rulemaking 20-01-007

**ADMINISTRATIVE LAW JUDGES' RULING
ISSUING DRAFT WORKSHOP REPORT
AND SEEKING COMMENTS**

This ruling issues Energy Division’s draft workshop report for Track 2a of the Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and Perform Long-Term Gas System Planning proceeding and seeks party comments. This ruling additionally orders Pacific Gas and Electric Company, Southern California Gas Company, and Southwest Gas Corporation to propose safety parameters and regulatory processes to derate pipelines on their system from transmission to distribution.

1. Background

On January 27, 2020, the Commission issued an Order Instituting Rulemaking (OIR) to respond to past and prospective events that together require changes to certain policies, processes, and rules that govern the natural gas utilities in California. Past events include operational issues in Southern California that prompted the Commission to reconsider the reliability and compliance standards for gas utilities. Prospective events include new state and municipal laws concerning greenhouse gas emissions that will result in the

replacement of gas-fueled technologies and, in turn, reduce the demand for natural gas.

On January 5, 2022, an amended Assigned Commissioner's Scoping Memo and Ruling (scoping ruling) was issued, setting forth the issues for Track 2 of the instant proceeding. The scoping ruling provides detailed questions on long-term gas planning strategy.

In January 2022, the Commission hosted virtual workshops on Track 2a, scoping questions a-d (January 10th) and Track 2a scoping questions e-I (January 24th). Appended to this ruling is the draft workshop report for Track 2a, an essential summary on issues presented on gas infrastructure during each event.

To improve clarity, parties are requested to review the workshop report for inaccurate statements or informational gaps. Parties are requested to file comments on the draft workshop report by March 15, 2022.¹

2. Outstanding Question(s) From Workshop

Following an investigation by the Commission's Safety and Enforcement Division (SED), it was determined that existing General Order (G.O.) 112-F definitions of transmission pipeline allowed a difference in operators' interpretations of the functional definition of transmission pipeline.² SED determined that the primary reason for the variations in the interpretation of the functional definition of transmission pipeline is the ambiguity in the use of the following terms: (1) distribution center; and (2) large volume customer that is not down-stream from a distribution center.

¹ Scoping Ruling at 15.

² Workshop PowerPoint, Slide 70 (January 24, 2022).

While discussion was robust on many of the issues in Track 2a, we would like more information on a key question: (c)(ii) What should the regulatory process be for de-rating a transmission pipeline to a distribution pipeline? Currently, Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), and Southwest Gas Corporation (SWG) have varying interpretations of the “functional” definition of “transmission pipeline.” Because of this variance, we order the utilities to propose safety parameters for derating pipelines on their system from transmission to distribution, e.g., specified minimum yield strength (%SMYS) limits, maximum operating pressure (MOP), maximum allowable operation pressure (MAOP), class location, etc., as well as a regulatory process for vetting or recording the deration. While this order pertains to PG&E, SoCalGas, and SWG explicitly, other parties may submit their own regulatory process proposals on the issue identified in (c)(ii).

To move forward on the above issues, parties are directed to provide responses with their comments on the draft workshop report.

IT IS RULED that:

1. The draft workshop report on Track 2a issues is added to the record of this proceeding.
2. Pacific Gas and Electric Company, Southern California Gas Company, and Southwest Gas Corporation shall submit responses on the issues outlined in Section 2 of this ruling by March 15, 2022.
3. Other parties to this proceeding may submit responses on the issues outlined in Section 2 of this ruling by March 15, 2022.

4. Comments on the draft workshop report, correcting inaccurate statements or informational gaps, shall be filed by close of business on March 15, 2022.

Dated March 1, 2022, at San Francisco, California.

 /s/ SASHA GOLDBERG
Sasha Goldberg
Administrative Law Judge

 /s/ KARL J. BEMESDERFER
Karl J. Bemesderfer
Administrative Law Judge

ATTACHMENT
(Staff Workshop Report)