

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Legal Division

San Francisco, California

Date: January 13, 2011

Resolution No. L-410

RESOLUTION

**EMERGENCY AUTHORIZATION TO ENSURE THE SAFETY
OF CERTAIN PACIFIC GAS AND ELECTRIC COMPANY,
SAN DIEGO GAS & ELECTRIC COMPANY,
SOUTHERN CALIFORNIA GAS COMPANY, AND
SOUTHWEST GAS CORPORATION NATURAL GAS PIPELINES**

SUMMARY

In a letter from the Commission's Executive Director dated December 16, 2010, Pacific Gas and Electric Company ("PG&E") was ordered to reduce the pressure to 20% below the Maximum Allowable Operating Pressure ("MAOP") on certain natural gas pipelines. In another letter from the Commission's Executive Director dated January 3, 2011, PG&E was advised of the National Transportation Safety Board's ("NTSB's") January 3, 2011 Safety Recommendations concerning the San Bruno pipeline explosion of September 9, 2010, and, as a consequence, PG&E was ordered to complete the following by February 1, 2011:

1. Aggressively and diligently search for all as-built drawings, alignment sheets, and specifications, and all design, construction, inspection, testing, maintenance, and other related records, including those records in locations controlled by personnel or firms other than Pacific Gas and Electric Company, relating to pipeline system components, such as pipe segments, valves, fittings, and weld seams for Pacific Gas and Electric Company natural gas transmission lines in class 3 and class 4 locations and class 1 and class 2 high consequence areas that have not had a maximum allowable operating pressure established through prior hydrostatic testing. These records should be traceable, verifiable, and complete. (P-10-2) (Urgent)

2. Use the traceable, verifiable, and complete records located by implementation of Safety Recommendation P-10-2 (Urgent) to determine the valid maximum allowable operating pressure, based on the weakest section of the pipeline or component to ensure safe operation, of Pacific Gas and Electric Company natural gas transmission lines in class 3 and class 4 locations and class 1 and class 2 high consequence areas that have not had a maximum allowable operating pressure established through prior hydrostatic testing. (P-10-3) (Urgent)

On January 7, 2011, PG&E responded to the Executive Director's January 3, 2011 letter indicating that it could not comply with the February 1, 2011 date in obtaining all of the requested records but that it would provide those records by March 15, 2011. PG&E also stated in the January 7, 2011 letter that it would provide the Commission with an update on the interim results of its record search on February 1, 2011.

PG&E was further advised on January 3, 2011, that it would receive further directives from the Commission concerning the following recommendation from the NTSB:

If you are unable to comply with Safety Recommendations P-10-2 (Urgent) and P-10-3 (Urgent) to accurately determine the maximum allowable operating pressure of Pacific Gas and Electric Company natural gas transmission lines in class 3 and class 4 locations and class 1 and class 2 high consequence areas that have not had a maximum allowable operating pressure established through prior hydrostatic testing, determine the maximum allowable operating pressure with a spike test followed by a hydrostatic pressure test. (P-10-4)

San Diego Gas & Electric Company ("SDG&E"), Southern California Gas Company ("SoCalGas"), and Southwest Gas Corporation ("Southwest Gas"), were similarly advised of the NTSB Safety Recommendations and ordered to do the following:

Please pay particular attention to NTSB recommendations to PG&E entitled P-10-2, P-10-3, and P10-4. Please report to me by February 1, 2011, detailing the steps you will take proactively to implement corrective actions as appropriate for your natural gas transmission pipeline systems located in California.

JURISDICTION AND AUTHORITY

As noted in Resolutions L-403 and L-406, the Commission has plenary and broad powers over PG&E and other gas utilities under, *inter alia*, the California Constitution and the Public Utilities Code section 451, which mandates the following: “Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.” (Pub. Util. Code, § 451.) In our broad grant of jurisdiction over public utilities in California, we are authorized to “do all things, whether specifically designated in ... [the Public Utilities Code] or in addition thereto, which are necessary and convenient” to our regulation of public utilities, including, though not limited to, adopting necessary rules and requirements in furtherance of our constitutional and statutory duties to regulate and oversee public utilities operating in California. (Pub. Util. Code, § 701.)

WAIVER OF COMMENT PERIOD

The tragic San Bruno explosion evidenced the need to take immediate action to ensure the safety of pipelines on PG&E’s natural gas transmission system. The fact that PG&E identified Pipeline 132 in San Bruno as a seamless pipe when in fact it was determined to be a pipeline with a longitudinal seam welded in some areas only on the outside of the seam as described in the NTSB’s December 14, 2010 Advisory, further underscores the need for immediate action by the Commission to prevent similar failure on similar pipelines on PG&E’s natural gas transmission system. The NTSB’s Safety Recommendations of January 3, 2011, noting that PG&E and other California natural gas pipeline systems may not be aware of the kind of pipe installed in all of their system segments and, consequently, may not have calculated the appropriate Maximum MAOP for these segments. These NTSB’s Safety Recommendations suggest that California natural gas pipeline systems aggressively search their systems for the records related to pipeline system components in an effort to ensure the accuracy of these systems’ MAOPs. Under these circumstances, the normal 30-day comment period for the issuance of an order or resolution may be waived. (Pub. Util. Code §§ 311, subds. (d) & (g)(2); see also *Resolution E-3731, Pacific Gas and Electric Company* (April 3, 2001) 2001 Cal. PUC LEXIS 659.) The Commission’s Rules of Practice and Procedure also permit such a waiver.¹

¹ “In an unforeseen emergency situation, the Commission may reduce or waive the period for public review and comment on proposed decision, draft resolutions, and alternates. “Unforeseen emergency situation” means a matter that requires action or a decision by the Commission more quickly than would be permitted if advance publication were made on the regular meeting agenda. Examples include, but “are not limited to... [a]ctivities that severely impair or threaten to severely impair[,] public health or safety[,]...[c]rippling disasters that severely impair public health or safety[,]...[u]nusual matters that cannot be disposed of by normal procedures if the duties of the Commission are to be fulfilled.” (Cal. Code of Regs., tit. 20, § 14.6, subds. (1), (2) and (8).)

FINDINGS OF FACT

1. The Commission finds that the San Bruno explosion of September 9, 2010, and the reduction in the gas pressure in PG&E Pipeline 132 ordered by the Commission on September 13, 2010, are “unforeseen emergencies” under Public Utilities Code sections 311(d) and 311(g)(2).
2. The Commission finds that the potential for failures in PG&E pipelines identified in the NTSB Advisory of December 14, 2010, are “unforeseen emergencies” under Public Utilities Code sections 311(d) and 311(g)(2).
3. The Commission finds that the finding by the NTSB that PG&E identified Pipeline 132 in San Bruno as a seamless pipe when in fact it was determined to be a pipeline with a longitudinal seam weld is an “unforeseen emergency” under Public Utilities Code sections 311(d) and 311(g)(2).
4. The Commission finds that the NTSB’s findings in its Safety Recommendations of January 3, 2011, that PG&E and other California natural gas pipeline systems may not be aware of the kind of pipe installed in all of their system segments and, consequently, may not have calculated the appropriate MAOP for these segments, resulting in NTSB recommendations that these California pipeline systems aggressively search their systems for the records related to pipeline system components in an effort to ensure the accuracy of these systems’ MAOPs, are “unforeseen emergencies” under Public Utilities Code sections 311(d) and 311(g)(2).
5. The Commission finds that because of these unforeseen emergencies, it is reasonable and necessary to authorize the actions ordered by the Commission’s Executive Director in his letters to PG&E, SDG&E, SoCalGas, and Southwest Gas, on December 16, 2010, and January 3, 2011.
6. The Commission finds that it is reasonable and necessary to extend the time allowed PG&E to complete its aggressive and diligent records search from February 1, 2011, to March 15, 2011, on the grounds asserted by PG&E that the review, verification, and collection of record images are substantial, time-consuming undertakings.
7. The Commission finds that the normal 30-day comment period for the issuance of an order or resolution should be waived. (Pub. Util. Code § 311(d) and 311(g)(2).)

CONCLUSIONS OF LAW

1. The Commission finds that the following all constitute “unforeseen emergencies” under Public Utilities Code sections 311(d) and 311(g)(2):
 - a. the San Bruno explosion of September 9, 2010, and the reduction in the gas pressure in PG&E Pipeline 132 ordered by the Commission on September 13, 2010;
 - b. the potential for failures in PG&E pipelines identified in the NTSB Advisory of December 14, 2010;
 - c. the fact that PG&E identified Pipeline 132 in San Bruno as a seamless pipe when in fact it was determined by the NTSB to be a pipeline with a longitudinal seam weld;
 - d. the fact that the NTSB found that PG&E and other California natural gas pipeline systems may not be aware of the kind of pipe installed in all of their system segments and, consequently, may not have calculated the appropriate MAOP for these segments resulting in the NTSB recommendations that California natural gas pipeline systems aggressively search their systems for the records related to pipeline system components in an effort to ensure the accuracy of these systems’ MAOPs.
2. Because of these unforeseen emergencies, it is reasonable and necessary for the Commission to authorize the actions ordered by the Commission’s Executive Director in his letter to PG&E of December 16, 2010, and by the Commission’s Executive Director in his letters to PG&E, SDG&E, SoCalGas, and Southwest Gas, on January 3, 2011.
3. It is reasonable and necessary to permit PG&E to complete its records search and verification by March 15, 2011, rather than February 1, 2011.
4. It is reasonable and necessary to waive the normal 30-day comment period for the issuance of this Resolution pursuant to Public Utilities Code sections 311(d) and 311(g)(2).

ORDER

1. PG&E is ordered to take all actions contained within the Executive Director’s letter of December 16, 2010, and within this Resolution.

2. PG&E, SDG&E, SoCalGas, and Southwest Gas, are ordered to take all actions contained within the Executive Director's letters to them of January 3, 2011, and within this Resolution.
3. PG&E is ordered to complete the records search directed in the Executive Director's January 3, 2011 letter by March 15, 2011, rather than February 1, 2011.
4. The normal 30-day comment period for the issuance of the present Resolution shall be waived pursuant to Public Utilities Code sections 311(d) and 311(g)(2), *Resolution E-3731, Pacific Gas and Electric Company* (April 3, 2001) 2001 Cal. PUC LEXIS 659, and Cal. Code of Regs., tit. 20, §§ 14.6, subd. (1), (2) and (8).

This Order is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting of January 13, 2011. The following Commissioners approved it:

PAUL CLANON
Executive Director