



Safety and Enforcement Division



Update on NTSB and IRP Recommendations
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CPUC Progress on Implementing NTSB and IRP Recommendations

- **National Transportation Safety Board (NTSB) Issued Five Safety Recommendations to the California Public Utilities Commission (CPUC):**
 - 1 recommendation has been “closed with acceptable action” by the NTSB on March 29, 2011
 - CPUC requested closure of two additional items on August 15, 2014
 - CPUC has taken action on two remaining NTSB recommendations
- **The Independent Review Panel (IRP) on San Bruno Pipeline Explosion Made 23 Recommendations to the CPUC:**
 - CPUC has acted on all IRP recommendations
 - Many activities, such as making safety top priority at the CPUC, are continuous
 - One recommendation is pending completion (gas program management review)





NTSB Safety Recommendations

NTSB Recommendation P-10-7

CLOSED 3.29.2011

Through appropriate and expeditious means, including posting on your website, immediately inform California intrastate natural gas transmission operators of the circumstances leading up to and the consequences of the September 9, 2010, pipeline rupture in San Bruno, California, and the National Transportation Safety Board's urgent safety recommendations to Pacific Gas and Electric Company so that pipeline operators can proactively implement corrective measures as appropriate for their pipeline systems.





NTSB Safety Recommendations (Continued)

NTSB Recommendation P-10-5

CLOSURE REQUESTED 8.15.2014

Develop an implementation schedule for the requirements of Safety Recommendation P-10-2 (Urgent) to Pacific Gas and Electric Company (PG&E) and ensure, through adequate oversight, that PG&E has aggressively and diligently searched documents and records relating to pipeline system components, such as pipe segments, valves, fittings, and weld seams, for PG&E natural gas transmission lines in class 3 and class 4 locations and class 1 and class 2 high consequence area [HCA] that have not had a maximum allowable operating pressure [MAOP] established through prior hydrostatic testing as outlines in Safety Recommendation P-10-2 (Urgent) to PG&E. These records should be traceable, verifiable and complete; should meet your regulatory intent and requirements; and should have been considered in determining maximum allowable operating pressures for PG&E pipelines.





NTSB Safety Recommendations (Continued)

NTSB Recommendation P-10-6

ONGOING

If such a document and records search cannot be satisfactorily completed, provide oversight to any spike and hydrostatic tests that Pacific Gas and Electric Company is required to perform according to Safety Recommendation P-10-4.

NTSB Recommendation P-11-22

CLOSURE REQUESTED 8.15.2014

With assistance from the Pipeline and Hazardous Materials Safety Administration (PHMSA), conduct a comprehensive audit of all aspects of Pacific Gas and Electric Company operations, including control room operations, emergency planning, record-keeping, performance-based risk and integrity management programs, and public awareness programs.





NTSB Safety Recommendations (Continued)

NTSB Recommendation P-11-23

ONGOING

Require the Pacific Gas and Electric Company to correct all deficiencies identified as a result of the San Bruno, California, accident investigation, as well as any additional deficiencies identified through the comprehensive audit recommended in Safety Recommendation P-11-22., and verify that all corrective actions are completed.





IRP Recommendations to the CPUC

Review PG&E's Plan to Enhance Pipeline Safety and Perform Technical Oversight of PG&E Program Implementation

5.7.4.2 The CPUC or its designated consultant should review [PG&E pipeline safety enhancement plan] and collaborate with PG&E in the development of clear objectives, measures, and schedule.

6.2.4.6 Retain independent industry experts in the near term to provide needed technical expertise as PG&E proceeds with its hydrostatic testing program, in order to provide a high level of technical oversight and to assure the opportunity for legacy piping characterization through sampling is not lost in the rush to execute the program.





IRP Recommendations to the CPUC (Continued)

Elevate the Importance of Safety at the CPUC and Leverage Performance Based Regulatory Frameworks

6.5.3.1 Adopt as a formal goal, the commitment to move to performance-based regulatory oversight of utility pipeline safety and elevate the importance of the [gas safety program] in the organization.

6.2.4.1 Adopt as a formal goal, the commitment to move to more performance-based regulatory oversight of utility pipeline safety.

7.4.2 Upon thorough analysis of benchmark data, adopt performance standards for pipeline safety and reliability for PG&E, including the possibility of rate incentives and penalties based on achievement of specified levels of performance.

6.4.3.1 CPUC should consider seeking approval from the State Budget Director for an increase in gas utility user fees to implement performance-based regulatory oversight for all gas utilities.





IRP Recommendations to the CPUC (Continued)

Enhance Understanding of the Costs Associated with Pipeline Safety and Consider a more Proactive Role for the Safety Staff in Utility Rate Filings.

6.8.3.1 Consider a more proactive role for the safety staff in utility rate filings. Improve the interaction between the gas safety organization and the [Office] of Ratepayer Advocates of the CPUC so there is an enhanced understanding of the costs associated with pipeline safety.

7.4.1 Improve the interaction between the gas safety organization and the [Office] of Ratepayer Advocates of the CPUC so that there is an enhanced understanding of the costs associated with pipeline safety.

6.3.3.3 The CPUC should consider requiring the major regulated utilities operating in the State of California to submit the results of the independent integrity management audits as part of their respective rate case processes.





IRP Recommendations to the CPUC (Continued)

Enhance Understanding of the Costs Associated with Pipeline Safety and Consider a more Proactive Role for the Safety Staff in Utility Rate Filings.

6.6.3.1 The CPUC should significantly upgrade its expertise in the analytical skills necessary for state-of-the-art quality risk management work. The CPUC should have an organizational structure for individuals doing this work such that they have an equal stature and access to management of the CPUC as those who deal with rate issues or legal or political issues. Although the CPUC's role is to provide oversight of the operator's compliance with federal and state codes, its role should not be to provide management of risk direction to the utilities.





IRP Recommendations to the CPUC (Continued)

Implement Organizational Improvements to Increase Capabilities of the Gas Safety Program and Increase Staff Involvement in Industry Groups

6.3.3.4 The USBR is currently understaffed and will be further understaffed as new programs such as Distribution Integrity Management are added. This understaffing problem must be relieved by a combination of an enhanced recruitment and training program to attract and retain qualified engineers plus a framework of supplemental support by outside consultants.

6.2.4.2 Greater involvement by staff in industry groups such as the Gas Piping Technical Committee (GPTC) will better enable the CPUC staff to keep abreast pipeline integrity management advancements from a technical, process, and regulatory perspective. In addition, the CPUC can, through such forums, gain insight for pipeline operators, utilities, service providers, and professional services firms, as well as other federal and state pipeline safety professionals.





IRP Recommendations to the CPUC (Continued)

Implement Organizational Improvements to Increase Capabilities of the Gas Safety Program and Increase Staff Involvement in Industry Groups

6.2.4.4 Undertake an independent management audit of the USRB organization, including a staffing and skills assessment, to determine the future training requirements and technical qualifications to provide effective risk-based regulatory oversight of pipeline safety and integrity management, focused on outcomes rather than process.





IRP Recommendations to the CPUC (Continued)

Augment Gas Safety Auditing Practices and work with the Legislature to change gas safety program requirements

6.3.3.5 USRB should augment its current use of vertical audits that focus on specific regulatory requirements such as leak records or emergency response plans.

6.3.3.6 To raise the profile of the audits among all the stakeholders, add the following requirements to the safety and pipeline integrity audits of the utilities that includes the following features: (1) posting of audit findings and company responses on the CPUC’s website; (2) use of a “plain English” standard to be applied for both staff and operators in the development of their findings and responses, respectively; and (3) a certification by senior management of the operator that parallels that certifications now required of corporate financial statements pursuant to Sarbanes-Oxley.





IRP Recommendations to the CPUC (Continued)

Augment gas safety auditing practices and work with the legislature to Change Gas Safety Program Requirements

6.3.3.2 Request the California General Assembly to enact legislation that would replace the mandatory minimum five year audit requirements for mobile home parks and small propane systems with a risk-based regime that would provide the [GSRB] with needed flexibility in how it allocates inspection resources.

6.4.3.2 Request the California legislature pass legislation that would replace the mandatory minimum five-year audit requirements with a risk-based regime that would provide the [GSRB] with the needed flexibility in how it allocates inspection resources.





IRP Recommendations to the CPUC (Continued)

Expand CPUC Staff Expertise in Pipeline Integrity Management and Initiate Audits of Utility Programs

6.2.4.3 The CPUC should further divide gas auditing groups to create integrity management specialists.

6.2.4.5 Provide USBR staff with additional integrity management training.

6.3.3.1 The CPUC should develop a plan and scope for future annual California utility initiated independent integrity management program audits. The results of these audits should be used to provide a basis for future CPUC performance based audits on a three-year basis.

6.5.3.2 Develop a holistic approach to identifying pipeline segments for integrity management audits based on intrastate pipeline risk as opposed to simply auditing each operator's pipeline.





IRP Recommendations to the CPUC (Continued)

Provide CPUC Staff with Additional Enforcement Tools for Ensuring Pipeline Safety that are Modeled on Industry Best Practices

6.7.3.1 The CPUC should seek to align its pipeline enforcement authority with that of the State Fire Marshal's by providing the USRB staff with additional enforcement tools modeled on those of the OSFM and the best from other states.

6.8.3.2 Consider, as appropriate, transferring the USRB gas safety staff to the OSFM and with them the responsibility for inspection of gas operator safety and integrity management programs as required by federal and state gas pipeline safety regulations.

