



Gas Pipeline Safety Update

May 7, 2012

The California Public Utilities Commission (CPUC) is committed to improving the safety of California's pipelines. Our goals are simple:

- Reform the CPUC to make safety its first priority;
- Ensure the safety of existing natural gas pipeline infrastructure;
- Upgrade and replace existing natural gas pipeline infrastructure to improve safety;
- Instill safety culture in the natural gas pipeline operators we oversee.

To accomplish these goals we are focusing on:

- Proactively identifying, evaluating, and mitigating risks;
- Confirming compliance with rules, standards, and risk mitigation measures;
- Proposing and litigating enforcement actions when operators don't operate safely.

This update describes our progress and accomplishments in these areas since the February 13, 2012 update.

1. On March 14, the Risk Assessment Unit issued its Hazard Database Project Status Report and Initial Recommendations. (<http://www.cpuc.ca.gov/NR/rdonlyres/381B6603-37A4-48C0-A1B7-D4A56928F6CC/0/RiskAssessmentMarch2012ReportFINAL.pdf>)
2. CPUC's Consumer Protection and Safety Division (CPSD) staff continued its oversight of PG&E's Hydrotesting and MAOP validation activities, including conducting an investigation of certain allegations related to welding deficiencies.
3. CPSD has been working closely with Pipeline and Hazardous Materials Safety Administration (PHMSA) to review and improve CPSD's gas safety program, beginning with an audit of the CPUC's program to ensure effective follow-up and resolution of all identified violations.
4. CPSD expects to select an outside consultant to perform an internal audit of its gas safety program within the next month.
5. CPSD continues to work with the PHMSA to comply with the National Transportation Safety Board Recommendations P-11-16 (PHMSA) and P-11-22 (CPUC) which require a comprehensive audit of all aspects of PG&E's operations. To date, PHMSA and CPSD have reviewed PG&E's Public Awareness Program and Operations, Maintenance & Emergency Plans.



6. On March 12, 2012, CPSD issued its staff analysis of PG&E's records management prior to the San Bruno pipeline rupture. The staff reports conclude that PG&E failed to keep and maintain records needed to promote gas safety.
7. On April 19, the CPUC unanimously adopted a decision broadening the scope of the Natural Gas Safety Rulemaking to include issues addressed in Pub. Util. Code §§ 961 and 963 and directed all California natural gas system operators to file natural gas system operator safety plans that show how the operator addresses each element of Pub. Util. Code §§ 961 and 963 for its gas transmission and distribution facilities. The decision also ordered management audits of the gas corporations.
8. CPSD has been providing advisory support for the hearings conducted to evaluate PG&E's Pipeline Implementation Plan filed in R.11-02-019.
9. CPSD continued to provide technical assistance to R. 11-02-018, the proceeding which is examining issues related to the transfer of existing master-metered natural gas and electric systems to direct service from local natural gas and/or electric distribution companies, jurisdictional to the CPUC, from whom they currently receive service.
10. On April 19, 2012, the CPUC unanimously approved CPSD's citation to PG&E of \$16.76 million for failure to leak survey portions of its distribution system.
11. On April 19, the CPUC approved a \$3 million penalty against PG&E for failure to comply with the CPUC's records search directive.
12. On April 24, 2012, CPSD conducted a workshop to discuss internal procedures developed to support implementation of the new citation authority delegated to staff in ALJ 274.
13. The CPUC continued working with legislative offices to pursue additional flexibility in auditing mobile home parks and propane operators. Assemblymember Fuentes is authoring this legislation. There appears to be agreement among parties that the maximum period between inspections would not increase by more than two years from the current frequency.
14. The CPUC spent considerable time working with legislative offices to strengthen enforcement for violations of the state's one-call law related to excavation activity and, ideally, provide enforcement authority to the CPUC over violators of one-call notifications for excavation work. Assemblymember Lowenthal is authoring this legislation.
15. The CPUC has begun working with legislative offices to pursue expedited permitting for gas pipeline maintenance, testing, replacement and repair. Assemblymember Ma is the author for this legislation.
16. CPSD issued three Requests for Proposals seeking consultants to review the gas, electric and generation safety programs and in PG&E's Test Year 2014 General Rate Case on April 27, 2012.
17. CPSD conducted a review of Gill Ranch Gas Storage, a new jurisdictional storage provider.



18. CPSD conducted 89 audits/inspections of Mobile Home Park operators (between February 12 and April 30, 2012).
19. As part of the CPUC's efforts to have staff participate and provide input to regulatory and other efforts towards improving regulations and the overall safety related to industries regulated by the CPUC, an engineer from CPSD attended a meeting of the ASME B31-Q Committee on which CPSD has long provided representation.
20. In April, a CPSD engineer attended Gas Pressure regulation and Control Room Management training provided by PHMSA.
21. From May 1-3, 2012, CPSD Gas safety management met with PHMSA, the California Office of the State Fire Marshal, and other members of the National Association of Pipeline Safety Representatives to discuss improvements in data collection, reporting, DIMP and Public Awareness programs.