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February 1, 2011

Mr. Paul Clanon  
Executive Director  
California Public Utilities Commission  
505 Van Ness Avenue, 5<sup>th</sup> Floor  
San Francisco, CA 94102

FEB 01 2011  
EXECUTIVE DIRECTOR'S OFFICE

Dear Mr. Clanon:

On January 3, 2011, you notified the Southern California Gas Company (SoCalGas) and San Diego Gas and Electric (SDG&E) that the National Transportation Safety Board (NTSB) had issued Safety Recommendations in connection with the Pacific Gas and Electric Company natural gas pipeline failure on September 9, 2010, in San Bruno, California.

In that notification, you also directed the utilities to report by February 1, 2011, on "steps you will take proactively to implement corrective actions as appropriate for your natural gas transmission pipeline systems located in California" in light of three of the NTSB recommendations: P-10-2, P-10-3, and P-10-4. These recommendations relate to the validation of the maximum allowable operating pressures (MAOP) for transmission pipelines located in Class 3 or 4 locations or in Class 1 or 2 locations that are also identified as being in High Consequence Areas (HCA).<sup>1</sup>

We have given the CPUC's directive our highest priority and intend to work with the California Public Utilities Commission (CPUC) to implement the NTSB's recommendations as expeditiously as possible. SoCalGas has 716 transmission pipelines that meet the NTSB recommendation's broad criteria, totaling approximately 1413 miles. SDG&E has 52 transmission pipelines that meet the NTSB recommendation's broad criteria, totaling approximately 209 miles.

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<sup>1</sup> A high consequence area is generally an area within a specified distance of a pipeline that has 20 or more buildings intended for human occupancy or identified sites, such as beaches, playgrounds and recreational facilities.

SoCalGas and SDG&E have assembled a large team, under the direction of senior management, to perform a comprehensive, in-depth, and exhaustive review of pipeline records in order to validate the MAOPs of these transmission pipelines. Individual pipeline files contain multiple documents (such as work orders, design data sheets, test charts, miscellaneous job reports, material records, construction details, hydrostatic test records, pipeline condition maintenance reports, and line sheets) that span many decades. Our comprehensive review of these individual pipeline files will do the following:

- Validate pipeline pressure test information and identify any pipelines that were not strength tested;
- Identify pipe and pipe component properties that were used to establish MAOP for those pipelines that have not been strength tested; and
- Perform calculations to validate that the MAOP is appropriate for the weakest component in the pipeline.

A second team of experts will perform quality control on this review, confirming the data and calculations used to validate MAOPs. Should a pipeline's MAOP not be validated per pressure test or calculation for the weakest section, SoCalGas and SDG&E will develop a plan to address that pipeline and consult CPUC staff to review that plan.

We anticipate completing this exhaustive record review by April 15, 2011. During the course of this review, we will promptly notify CPUC staff if there are any significant or material findings.

SoCalGas and SDG&E want to assure the CPUC that we remain dedicated to operating our systems safely and reliably. We will continue our pipeline safety vigilance through leak surveys, pipeline patrols, corrosion control monitoring, valve maintenance, and implementation of our transmission integrity management program, all of which continually evaluate and assess pipeline condition and fitness for service. We are further committed to working with the CPUC to evaluate the facts and findings of new information from the NTSB's investigation, as it becomes available, and its potential impact on our system and the customers we serve.

Sincerely,



Richard M. Morrow  
Vice President  
Engineering & Operations Staff