

STATE OF CALIFORNIA

Public Utilities Commission  
San Francisco

**M e m o r a n d u m**

**Date:** March 20, 2012

**To:** The Commission  
(Meeting of March 22, 2012)

**From:** Lynn Sadler, Director  
Office of Governmental Affairs (OGA) – Sacramento

**Subject:** **AB 2559 (Buchanan) – Natural gas pipelines: pipeline integrity management.**  
**As introduced: February 24, 2012**

**LEGISLATIVE SUBCOMMITTEE RECOMMENDATION: SUPPORT AS SPONSOR**

**SUMMARY OF BILL:**

AB 2559 would require the CPUC to ensure that a city, county, or city and county is provided notice by a gas corporation whenever a pipeline integrity management plan may result in the gas corporation undertaking pipeline inspection, remediation, or replacement work. The bill would provide for more coordination between the CPUC, the state's gas utilities, and local agencies. The state's gas utilities would be entitled to expedited permitting by counties and municipalities for pipeline inspection, remediation and replacement work undertaken pursuant to pipeline integrity management plan.

The CPUC was urged to pursue legislation to expedite permitting for pipeline integrity management work as one of three legislative recommendations made in the Independent Review Panel's report on the San Bruno explosion.

The CPUC previously voiced its support for expedited permitting by voting in favor of Item 43 ('Proposed Legislation on Expedited Permitting') at the February 16 Commission meeting. AB 2559 is the follow-up to that item.

**SUMMARY OF SUPPORTING ARGUMENTS FOR RECOMMENDATION:**

By sponsoring AB 2559, the CPUC would be voicing its strong support for ensuring that pipeline integrity management work is completed expeditiously while maintaining respect for both California's environmental protection laws and the legitimate concerns of local governments.

**SUMMARY OF SUGGESTED AMENDMENTS:**

None.

**DIVISION ANALYSIS (Legal Division):**

AB 2559 does not provide any new authority to local agencies regarding the permitting of pipeline work; it requires local agencies to expedite their existing permit process. The CPUC will be required to coordinate more closely with local agencies regarding pipeline work conducted by the state's gas utilities. This additional requirement for the CPUC would not generate much additional workload.

AB 2559 would complement several existing statutory provisions and regulations that currently assist in expediting permitting for pipeline integrity management work. These provisions include the following:

Pipeline projects are statutorily exempt from CEQA if they are "...less than one mile in length within a public street or highway or any other public right-of-way for the installation of a new pipeline or the maintenance, repair, restoration, reconditioning, relocation, replacement, removal, or demolition of an existing pipeline. For purposes of this section, "pipeline" includes subsurface facilities but does not include any surface facility related to the operation of the underground facility. (Public Resources Code Section 21080.21).

Pipeline projects are statutorily exempt from CEQA if:

They involve "...the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of [Existing facilities of both investor and publicly-owned utilities used to provide ... natural gas...], involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.... The key consideration is whether the project involves negligible or no expansion of an existing use." (CEQA Guidelines Section 15301(b)); or

"[C]onsist of replacement or reconstruction of existing [utility systems and/or facilities involving negligible or no expansion of capacity] where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced..."(CEQA Guidelines Section 15302(c)).

Coupled with the above provisions, requiring expedited permitting from local agencies would further efforts to ensure that pipeline integrity management work is completed expeditiously.

Expedited permitting will significantly aid in addressing the significant need for pipeline testing and replacement in the years to come. Per the Pipeline Safety Enhancement Plans submitted in R.11-02-019, California's gas operators have indicated the following proposed mileage planned for hydrotesting and replacement in 2012-2014 alone:

- (1) PG&E: 547 miles of pressure testing and 185 miles of replaced pipe.
- (2) SoCalGas: 265 miles of pressure testing and 172 miles of replaced pipe.
- (3) SDG&E: Less than 3 miles of pressure testing and 34 miles of replaced pipe.

**PROGRAM BACKGROUND:**

The CPUC is the state agency with safety jurisdiction for intrastate gas pipeline systems. It is responsible for enforcing safety regulations, auditing the pipeline operators, inspecting all work affected by the statutes and making necessary additions and changes to regulations for promoting the safety of the general public and the utility employees that work on the gas pipeline systems. In addition to enforcing various state regulations, the CPUC works as an agent of the federal government to enforce gas safety requirements in California.

On September 9, 2010, a 30-inch diameter natural gas transmission pipeline owned and operated by Pacific Gas and Electric Company ruptured and caught fire in the city of San Bruno, California, causing the death of eight persons, injury of many others, as well as massive property damage. The explosion left a crater 72 feet long by 26 feet wide and propelled a 28 feet long section of the pipeline about 100 feet away from crater.

The CPUC has been actively working to improve pipeline safety in and has taken significant steps towards that end since the night of the blast in San Bruno. One of those steps has been to actively pursue all recommendations specifically related to legislative proposals issued to the Commission in either the Independent Review Panel's report or the National Transportation Safety Board's report on the San Bruno explosion. One of the recommendations to the CPUC in the Independent Review Panel's report reads as follows: "Request the California General Assembly enact legislation that would provide the state's gas utilities with the right to expedited permitting by counties and municipalities for pipeline inspection, remediation and replacement work undertaken pursuant to pipeline integrity management."

**LEGISLATIVE HISTORY:**

None.

**FISCAL IMPACT:**

None.

**STATUS:**

AB 2559 is pending hearing in the Assembly Utilities and Commerce Committee.

**SUPPORT/OPPOSITION:**

None on file.

**STAFF CONTACTS:**

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**BILL LANGUAGE:**

BILL NUMBER: AB 2559 INTRODUCED  
BILL TEXT

INTRODUCED BY Assembly Member Buchanan

FEBRUARY 24, 2012

An act to add Chapter 5.5 (commencing with Section 8070) to Division 4 of the Public Utilities Code, relating to natural gas pipelines.

LEGISLATIVE COUNSEL'S DIGEST

AB 2559, as introduced, Buchanan. Natural gas pipelines: pipeline integrity management.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations, as defined. The Natural Gas Pipeline Safety Act of 2011 designates the commission as the state authority responsible for regulating and enforcing intrastate gas pipeline transportation and pipeline facilities pursuant to federal law, including the development, submission, and administration of a state pipeline safety program certification for natural gas pipelines.

This bill would require the commission to ensure that a city, county, or city and county is provided notice by a gas corporation whenever a pipeline integrity management plan, as defined, may result in the gas corporation undertaking pipeline inspection, remediation, or replacement work within the city, county, or city and county, and the inspection, remediation, or replacement work within that city, county, or city and county and that work is likely to require action by the city, county, or city and county to approve or facilitate the work. The bill would require that the city, county, or city and county that has been provided with notice expedite any permitting or other actions necessary to complete any pipeline inspection, remediation, or replacement work within the city, county, or city and county that is necessary pursuant to the pipeline integrity management plan. By requiring a higher level of service by local governments that may be affected by work undertaken pursuant to a pipeline integrity management plan, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 5.5 (commencing with Section 8070) is added to Division 4 of the Public Utilities Code, to read:

CHAPTER 5.5. NATURAL GAS PIPELINE CONSTRUCTION

8070. (a) For purposes of this section, "pipeline integrity management plan" means the written integrity management program prepared by a gas corporation to comply with the requirements adopted by the federal Pipeline and Hazardous Materials Safety Administration of the Department of Transportation pursuant to Subpart O (commencing with Section 192.901) of Part 192 of Title 49 of the Code of Federal Regulations.

(b) The commission shall ensure that a city, county, or city and county is provided notice by a gas corporation whenever a pipeline integrity management plan may result in the gas corporation undertaking pipeline inspection, remediation, or replacement work within the city, county, or city and county, and the inspection, remediation, or replacement work is likely to require action by the city, county, or city and county to approve or facilitate the work.

(b) A city, county, or city and county that has been provided notice pursuant to subdivision (a) shall expedite any permitting or other actions necessary to complete any pipeline inspection, remediation, or replacement work within the city, county, or city and county that is necessary pursuant to an approved pipeline integrity management plan.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.