

PUBLIC UTILITIES COMMISSION

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April 26, 2011

Mr. Kirk Johnson, Vice President
Gas Engineering and Operations
Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94105

Dear Mr. Johnson,

Thank you for meeting with CPSD staff on April 19, 2011 to discuss Pacific Gas and Electric Company's Maximum Allowable Operating Pressure (MAOP) validation methodology. Following that meeting, PG&E filed its April 21, 2011 motion, seeking Commission guidance on the acceptability of its proposed MAOP validation methodology and urges: "...the Commission to issue a ruling adopting an MAOP validation methodology for HCA pipelines that have not previously been pressure tested, so that PG&E can proceed expeditiously with the necessary safety work."

Over time, as we have come to understand more about PG&E's proposal, CPSD staff has become increasingly uncomfortable with PG&E's proposal to use assumptions to populate its pipeline features list as an integral part of verifying the MAOP of particular segments of its HCA pipeline segments that do not have traceable, verifiable and complete records of all the components of each segment. We do not believe that reliance upon indirect evidence of the material condition of PG&E's natural gas transmission system is sufficient to meet the standard of "traceable, verifiable and complete" recommended by the NTSB and required by the Commission. We believe the NTSB has recommended, and the Commission has required, direct evidence of the material condition of PG&E's natural gas transmission pipelines. We therefore believe that the Commission should require pressure testing or replacement wherever assumptions are used in PG&E's MAOP validation efforts.

CPSD believes that although PG&E's MAOP validation process and field activities such as x-ray, camera inspection, or Automated Ball Indentation can aid in establishing an MAOP or help in prioritizing pipeline segments for hydro-testing, these measures should not serve as a substitute for the hydro-testing or replacement of pipeline segments which have never been hydro-tested.

PG&E's proposal to utilize appropriate inline inspection tools for confirming the safety of pipelines containing low-frequency electric-resistance welded seams, single-submerged arc welded (SSAW) seams, lap weld or flash pipe installed prior to 1970, may be effective for integrity assessments in the future; however, CPSD believes that all pipeline segments containing such seams (i.e., those with a joint efficiency less than 1), and missing proper pressure test documentation should first be hydro-tested. This is due to the fact that inline inspection tools, as advanced as they are, are not without possibility of missing certain defects when run through the line. While hydro-testing also has its limitations and concerns, CPSD believes these concerns can be addressed through properly designing and performing the tests, as PG&E intends to do for the 152 miles of pipeline it intends to hydro-test in 2011.

Complete pressure test records should include all elements required by the regulations in effect at the time of line construction, not just the four that PG&E included in its definition of complete

pressure test records,. PG&E should identify the required test pressure and duration established by the regulations in effect at the time of construction and ensure that the tests reflected in its records comport with the regulations in effect at the time of the construction of each affected segment. In the case of pipeline segments installed before the effective date of General Order 112, CPSD believes that the minimum duration of the pressure test be required to be 1 hour in order to make any pressure test documentation acceptable.

CPSD believes that the Pipeline Features List that PG&E has described in its filings is useful for PG&E's on-going operations and will provide crucial data that will prove valuable in making future decisions related to its pipelines. The PFL will also allow PG&E to confirm that any pressure reductions, taken as mitigative steps for pipeline segments where necessary hydro-test or replacement is delayed due to operational considerations, is an adequate pressure reduction. For these reasons, CPSD supports PG&E's efforts to gather the data and create PFLs in conformance with the schedule set forth in the Stipulation.

CPSD recognizes that hydro-testing or replacement of potentially 705 miles of pipeline segments will be costly and disruptive to PG&E's operations. CPSD also recognizes that PG&E will require time and flexibility to schedule these activities. CPSD intends to continue working with PG&E to assure that these activities can be prioritized so as to minimize the possibility of outages, while providing the necessary work in a timely and orderly manner.

If you have any questions, please don't hesitate to contact me at 415-703-2349.

Sincerely,



Richard W. Clark, Director
Consumer Protection and Safety Division

Cc: Sumeet Singh, PG&E
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