

PUBLIC UTILITIES COMMISSION

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May 3, 2011

Richard M. Morrow
Vice President
Engineering & Operations Staff
Southern California Gas Company
555 W. Fifth Street, GT22H5
Los Angeles, CA 90013-1011

VIA FIRST CLASS MAIL & E-MAIL

Dear Mr. Morrow:

CPSD staff have reviewed your report filed on April 15, 2011, in Rulemaking 11-02-019, detailing the actions you have taken in response to the National Transportation Safety Board (NTSB) recommendations P-10-2, P-10-03 and P-10-04 and the CPUC's January 3, 2011 directives related thereto.

The following should not be construed as the Commission's opinion on the issues raised by the content of your submission. This letter reflects CPSD staff's feedback on your submission. The Commission will be the final arbiter of the safety sufficiency of your submission.

CPSD agrees with you that, in order to validate the Maximum Allowable Operating Pressure (MAOP) of a pipeline segment, an operator needs to affirmatively state that no pipeline components other than those documented by records were installed or changed subsequent to installation. We do not believe that reliance upon indirect evidence of the material condition of a 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 natural gas transmission pipelines. We therefore believe that the Commission should require pressure testing or replacement wherever such traceable, verifiable and complete records do not exist.

CPSD has the following comments related to your four category classifications:

Category 1: This category represents pipelines which have been hydrostatically tested. CPSD believes that pipelines you classified as Category 1 meet the NTSB criteria for having an MAOP established through hydrostatic testing as long as the tests reflected in your 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 should be 1 hour in order to make any pressure test documentation acceptable.

Category 2: This category represents pipelines which were pressure tested using a medium other than water. CPSD believes that pipelines which have had properly performed, and documented pressure tests using mediums other than water meet the intent of the NTSB's urgent recommendations; however, since the NTSB recommendations specifically recommend hydrotesting, we will seek clarification from that agency regarding this matter. The same caveat applies here as in Category 1 - the tests reflected in your records must 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 should be 1 hour in order to make any pressure test documentation acceptable.

Category 3: This category represents pipelines which have documentation showing that they have operated at a pressure at least 1.25 times the current MAOP for time periods that significantly exceeded the minimum durations required by the pressure testing requirements codified in 49 CFR, Part 192, subpart J, or the Commission's General Order 112. CPSD does not believe these "in-service strength tests," meet either the intent or the letter of the NTSB's recommendations. Neither 49 CFR, Part 192 subpart J, nor GO 112, make any provisions for performing dynamic pressure tests. They require all pressure tests to be static pressure tests. Therefore CPSD does not believe that Sempra's Category 3 segments comport with the NTSB recommendations or the Commission's January 3, 2011 directive, and we believe the segments reflected in Category 3 must be hydrotested.

CPSD believes that the pressure reductions Sempra has taken on the Category 3 segments are an important factor in its consideration of the relative priority of hydrotesting these segments, but we do not believe that such permanent pressures reductions serve as a substitute for performing a static pressure strength test (hydro-test) to establish the MAOP for these segments..

Category 4: This category represents pipelines which have not been previously pressure tested. CPSD believes that all pipeline segments in this category must be either pressure tested or replaced. We do not believe that any of the other possible action plans you propose, such as using transverse field inspection (TFI) tools in lieu of pressure testing or replacement meet the NTSB recommendations or the CPUC's directives.

CPSD looks forward to being updated on your continuing efforts to search for construction records related to your pre-code pipelines. We believe that having accurate pipeline records are not only important for this endeavor but they will also play an important role in improving your pipeline integrity management program.

CPSD recognizes that hydro-testing or replacement of pipelines will be costly and disruptive to your operations. We also recognize that you will require time and flexibility to schedule these activities. We intend to continue working with you to ensure that

these activities can be prioritized so as to minimize the possibility of outages, while prosecuting the necessary work in a timely and orderly manner.

Sincerely,



Richard Clark
Director
Consumer Protection and Safety Division

cc: Michelle Cooke (via e-mail only)
Julie Halligan (via e-mail only)
Raffy Stepanian (via e-mail only)
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