Testimony:
Senate Committee on
Commerce, Science, and Transportation

Concerning:
Reauthorization of the Pipeline Safety Act

## Introduction

Sempra Energy is pleased to offer testimony to the Senate Committee on Commerce, Science, and Transportation regarding the reauthorization of the Pipeline Safety Act. Although our comments specifically address S. 2438, we would be pleased to similarly address S. 2004 and S. 2409 should the Committee so desire.

Sempra Energy is a Fortune 500 energy services holding company whose subsidiaries include Southern California Gas Company and San Diego Gas and Electric Company. Together these two local distribution companies operate 3500 miles of transmission pipeline in some of the most heavily populated areas of the country. Southern California Gas Company is the nation's largest local natural gas distribution company serving over 18 million consumers through 5 million meters in a service territory stretching from San Luis Obispo to the Mexican Border. San Diego Gas & Electric is a combination utility providing service to over 3 million consumers in San Diego County through 1.2 million electric meters and 720 thousand natural gas meters.

Sempra Energy commends the author and committee chair, Senator McCain, in introducing this legislation to address the serious issue of pipeline safety. Sempra Energy also commends the Senators from Washington who are co-authoring this proposal and have first hand knowledge of the problems that result if a pipeline failure occurs.

## Background on Sempra Energy Pipeline Integrity Programs

Southern California Gas Company and San Diego Gas & Electric have a pipeline integrity management program. We have a Pipeline Integrity Team that addresses the overall operation of our facilities including ensuring strict compliance with local, state and federal pipeline safety regulations and evaluating our operations to ensure that the risks to our facilities are known and addressed. On a routine basis, this team identifies hazards and vulnerabilities of the pipeline system, performs specific risk assessments, evaluates data, and prioritizes areas to be addressed. In addition, this team evaluates the applicability of new technology to our operations. At a strategic level, this team works to integrate our operating experience with the study of the interrelationships among various failure causes and known risks, to ensure resources are directed at protecting public safety and maintaining the integrity of our pipelines.

In addition to internally focused activities, Sempra Energy actively participates in industry and government sponsored forums on pipeline system management. Southern California Gas Company and San Diego Gas & Electric have a long history of active participation in regulatory proceedings, including rulemakings, sponsored by the Office of Pipeline Safety (O.P.S.) and by other regulatory bodies such as the California Public Utilities Commission, O.P.S.'s designated enforcement agency for the state. Sempra Energy believes that

continued emphasis should be placed on improving pipeline integrity and we continue to work with other stakeholders to ensure that the risks to pipelines from damage due to excavation, failures, etc. are minimized to maintain the highest levels of public safety. In addition, we strongly support the pursuit of new technology and engineering advances that would lead to greater pipeline safety and encourage the authors to consider directing resources towards research and development of new technologies.

Sempra Energy wholeheartedly agrees that public safety concerns should be paramount when operating and maintaining the infrastructure used to deliver natural gas. We do, however, have concerns that certain provisions in this bill may not achieve the desired objectives and in fact, may give rise to a false sense of security regarding public safety. We ask that you consider the following input as you continue to refine this bill.

Specific Comments on S. 2438

Internal Inspections

Section 5 of the proposal requires the Secretary to issue regulations that would require natural gas and hazardous liquid pipeline operators to evaluate risks to their pipeline facilities based upon specific criteria to determine the adequacy of pipelines to operate in unusually sensitive areas and high-density population areas. We readily agree that pipeline operators should continually evaluate the risks to their pipeline facilities. However, although we recognize the inherent necessity of vagueness in this type of directive, we are concerned about the preliminary references to mandatory "smart pigging" or other types of internal inspections for natural gas pipelines. While there are situations when certain internal inspections are warranted and as an operator, we utilize internal inspections to assess certain vulnerabilities on a targeted basis, we do not endorse the thought that internal inspection should be mandated on a routine basis for natural gas transmission pipeline facilities. Overall, we believe that a comprehensive integrity management program can be completely effective without mandating these types of inspections on a routine basis.

We are actively working with the Office of Pipeline Safety, other operators, state regulators and key stakeholders to look at possible modifications to the federal pipeline safety regulations as they relate to pipeline integrity management. In fact, on April 24, 2000, a notice of proposed rulemaking was published in the Federal Register concerning an Office of Pipeline Safety proposal to add additional regulations to "test, repair and validate through analysis the integrity of most hazardous liquid pipelines that could affect populated areas, commercially navigable waterways and areas unusually sensitive to environmental damage." While this notice of proposed rulemaking governs regulations under 49 C.F.R. Part 195 for hazardous liquid pipelines, this is the first stage of an overall integrity management rulemaking process that will then address 49 C.F.R. Part 192 regulations for natural gas pipelines. Practically speaking, we are aware of many inspection and evaluation techniques capable of assessing a pipeline's identified vulnerabilities that could be far more effective in ensuring public safety than devoting resources to performing internal inspection on natural gas pipelines on a routine basis.

As a side note, as you consider the possible mandate of routinely "smart pigging" natural gas transmission pipelines, please keep in mind the current capability of "smart pigs". For example, we believe that the current capability of “smart pigs” to find prior mechanical damage, on a scale of 1 to 10, is about

a 4, a number far from infallible. In addition, we analyzed reportable incidents on gas transmission and gathering lines filed with the Department of Transportation from 1985-1997 and determined that "smart pigging" the pipeline would not have identified the determined cause of over 70% of the failures. This is not to say that “smart pigging” is without value. We do believe that the use of "smart pigs" should be part of an overall inspection program to ensure pipeline integrity by assessing vulnerabilities on a targeted basis. Accordingly, we would support language directing the Secretary to give natural gas transmission pipeline operators options to allow for the use of, "internal inspection, pressure testing or other evaluation techniques capable of assessing the pipeline's identified vulnerabilities."

Provision of Maps to Local Authorities

Sempra Energy understands the concerns prompting this particular proposal; however, Sempra Energy is very concerned that the widespread provision of detailed maps could do more harm than good. In addition, we believe that information that will be made available through the National Pipeline Mapping System (N.M.P.S.) project sponsored by the Office of Pipeline Safety will successfully address many of the issues the authors have noted.

Southern California Gas Company is participating on the M.Q.A.T. (Mapping Quality Action Team) sponsored by the Office of Pipeline Safety to develop the National Pipeline Mapping System. This project was created to address Congress' concerns about having better information on the nation's hazardous liquid and natural gas transmission pipelines, especially during emergency situations. A partnership was created between industry and the Office of Pipeline Safety to develop an electronic mapping system that would give the Office of Pipeline Safety, as well as other public agencies, information regarding the general location of these pipeline facilities. Through this system, information regarding the location of facilities, within 500 feet, the type of product, and the owner of the line will be available through the Internet and readily accessible to the general public. Regulatory personnel and public agencies will have access to more detailed information. Based on the current schedule, this system should be ready for deployment by the end of 2000.

Sempra Energy is concerned with the authors' proposal to provide maps outside of the National Pipeline Mapping System as this material could provide local authorities with a false sense of security. Our maps are fluid proprietary documents. They are updated on a continuous basis. We do not want to take a chance that a local official would rely on an outdated map in responding to an emergency. In addition, we do not want others that are not "qualified personnel", no matter how well intentioned, to operate our system under any circumstances. Operating pipeline systems without proper training by unqualified personnel could lead to significant public risk.

Sempra Energy’s concern is also based on the very real threat posed by terrorists. The United States is no longer immune from terrorist attacks, from both domestic and foreign perpetrators. Sempra Energy believes it would be extremely unwise to make detailed maps available to a public that could include terrorists.

We do not believe that public safety would be advanced by providing either maps or specific details such as operating pressure of our facilities to schools or the public. We do however, strongly endorse the one-call system and other practices to address damage prevention to our facilities and general public safety. Instead of providing local officials, and potentially the general

public, with detailed maps, other than those provided through the National Pipeline Mapping System, Sempra Energy recommends that local distribution companies continue to work closely with local officials in responding to emergencies. Not only do we know our systems the best, but we also have highly trained personnel available to assist the local officials.

## Operator Training Programs

Section 4 requires pipeline operators to submit training plans designed to enhance training for personnel and to reduce the likelihood of accidents and injuries. Sempra Energy concurs with the motivation behind this requirement; however, we are concerned that this provision is needlessly duplicative of a recent regulatory proceeding.

The Office of Pipeline Safety issued a final rule on operator qualification and training on August 27, 1999. This ruling, "Pipeline Safety: Qualification of Pipeline Personnel" is designed to ensure a qualified workforce which will result in a reduced risk of accidents attributable to human error. This rule, effective on October 26, 1999, requires that operators have a written qualification program in place by April 27, 2001 and complete the qualification of individuals performing covered tasks by October 28, 2002. This "Operator Qualification Rule" specifically requires that operators develop a qualification program to "evaluate an individual's ability to perform covered tasks and to recognize and react to abnormal operating conditions that may occur when performing covered tasks."

Sempra Energy believes that the training programs mandated in S. 2438 are premature in light of the recent "Operator Qualification Rule". We believe that the "Operator Qualification Rule" will be sufficient to ensure qualified personnel and we encourage the authors to consider not requiring implementation of a new training program before operators fulfill the regulatory mandates specified by the Office of Pipeline Safety on this issue and the results are evaluated.

## Conclusion

In closing, Sempra Energy commends the authors in this effort to address the issue of pipeline safety. We believe that we should work together to continually strive to reduce the risk to public safety through technological advances and improved practices for operating pipelines and specifically encourage you to support more resources towards research in this area as it would ultimately serve the interests of public safety.