SENATE BILL No. 705

Introduced by Senator Leno

February 18, 2011

An act to add Chapter 4.5 (commencing with Section 950) to, and to repeal Chapter 2.2 (commencing with Section 328) of, Part 1 of Division 1 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL’S DIGEST


Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. The Public Utilities Act authorizes the commission to ascertain and fix just and reasonable standards, classifications, regulations, practices, measurements, or services to be furnished, imposed, observed, and followed by specified public utilities, including gas corporations.

Existing federal law requires the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) to adopt minimum safety standards for pipeline transportation and for pipeline facilities, including an interstate gas pipeline facility and an intrastate gas pipeline facility, as defined. Existing law authorizes the United States Secretary of Transportation to prescribe or enforce safety standards and practices for an intrastate pipeline facility or
intrastate pipeline transportation to the extent that the safety standards and practices are regulated by a state authority that annually submits to the secretary a certification for the facilities and transportation or, alternatively, authorizes the secretary to make an agreement with a state authority authorizing it to take necessary action to meet certain pipeline safety requirements. Existing federal law prohibits a state authority from adopting or continuing in force safety standards for interstate pipeline facilities or interstate pipeline transportation, but permits a state authority that has submitted a specified certification to adopt additional or more stringent safety standards for intrastate pipeline facilities and intrastate pipeline transportation only if those standards are compatible with the minimum standards prescribed by PHMSA.

This bill would designate 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. The bill would require each gas corporation to develop a service and safety plan, as specified, for the safe and reliable operation of its gas plants commission-regulated gas pipeline facility, as defined, and the bill would require the commission to accept, modify, or reject the plan for each gas corporation by December 31, 2012, and to build into an approved plan sufficient flexibility to redirect activities to respond to safety requirements. The bill would require that the plan be periodically reviewed and updated.

The bill would also reorganize and revise existing provisions relative to restructuring of the natural gas industry to declare that it is the policy of the state to place safety of the public and gas corporation employees as the top priority and require the commission to require that the distribution rate of a gas corporation include sufficient revenues and employee staffing to provide for prompt provision of service to the public consistent with this policy. The bill would require the commission to take all reasonable and appropriate actions to carry out that policy, as specified.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill would be a part of the act and because a violation of an order or decision of the commission
implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

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 no reimbursement is required by this act for a specified reason.


State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Chapter 2.2 (commencing with Section 328) of Part 1 of Division 1 of the Public Utilities Code is repealed.

SEC. 2. Chapter 4.5 (commencing with Section 950) is added to Part 1 of Division 1 of the Public Utilities Code, to read:

Chapter 4.5. Natural Gas Service and Safety

Article 1. General

950. For purposes of this chapter, the following terms have the following meanings:

(a) “Commission-regulated gas pipeline facility” means an intrastate gas pipeline facility as defined in Section 60101 of Title 49 of the United States Code, that is subject to the safety regulatory authority of the commission, including each including, but not limited to, all of the following pipelines:

(1) An intrastate distribution line, which is a pipeline that is not subject to the jurisdiction of the Federal Energy Regulatory Commission pursuant to Section 717(b) of Title 15 of the United States Code because it is used for the local distribution of natural gas.

(2) An intrastate transmission line, which is a transmission pipeline that the commission, pursuant to Section 717(c) of Title 15 of the United States Code, has certified to the Federal Energy Regulatory Commission as being subject to the regulatory jurisdiction of the commission over rates and service. For these purposes, a transmission pipeline means a pipeline other than a gathering line that: (A) transports gas from a gathering line or
storage facility to a distribution center, storage facility, or large
volume customer that is not downstream from a distribution center,
(B) operates at a hoop stress of 20 percent or more of specified
maximum yield strength, or (C) transports gas within a storage
field.
(3) An intrastate gathering line, which is a pipeline that
transports gas from a current production facility to a transmission
line or main other than a proprietary nondedicated gas gathering
line regulated by either the Division of Oil, Gas, and Geothermal
Resources in the Department of Conservation or the Pipeline and
Hazardous Materials Safety Administration of the United States
Department of Transportation.
(4) A mobilehome park master-metered natural gas distribution
system that is subject to the commission’s safety inspection and
enforcement program pursuant to Chapter 4 (commencing with
Section 4351) of Division 2.
(5) A propane distribution system that is subject to the
commission’s safety inspection and enforcement program pursuant
to Chapter 4.1 (commencing with Section 4451) of Division 2.
(b) “Intrastate distribution line,” “intrastate gathering line,”
and “intrastate transmission line” includes all facilities used in
the receipt, transport, and delivery of gas to an end-use customer,
including, but not limited to, pipelines, compressor stations,
pressure regulating devices, valves, services, meters, and
equipment or devices used in the operation and maintenance of
those facilities.

Article 2. Natural Gas Pipeline Safety Act of 2011

955. (a) This article shall be known and may be cited as the
Natural Gas Pipeline Safety Act of 2011.
(b) The commission is the state authority responsible for
regulating and enforcing intrastate gas pipeline transportation and
pipeline facilities pursuant to Chapter 601 (commencing with
Section 60101) of Subtitle VIII of Title 49 of the United States
Code, including the development, submission, and administration
of a state pipeline safety program certification for natural gas
pipelines pursuant to Section 60105 of that chapter.
(c) The State Fire Marshal shall exercise exclusive safety
regulatory and enforcement authority over intrastate hazardous
liquid pipelines pursuant to the Elder California Pipeline Safety Act of 1981 (Chapter 5.5 (commencing with Section 51010) of Part 1 of Division 1 of Title 5 of the Government Code) and Section 13107.5 of the Health and Safety Code.

(d) Nothing in this article limits the obligation of a gas corporation to provide adequate service and facilities for the convenience of the public and its employees pursuant to Section 451 or the authority of the commission to enforce that obligation under state law.

961. (a) (1) Each gas corporation shall develop a service and safety plan for the safe and reliable operation of its commission-regulated gas pipeline facility that implements the policy of subdivision (c) of Section 966, subject to approval, modification, and adequate funding by the commission.

(2) By December 31, 2012, the commission shall review and accept, modify, or reject the plan for each gas corporation as part of a proceeding that includes a hearing. The commission shall build into any approved plan sufficient flexibility to redirect activities to respond to safety requirements.

(3) Each gas corporation shall implement its approved plan.

(4) The commission shall require each gas corporation to periodically review and update the plan, and the commission shall review and accept, modify, or reject an updated plan at regular intervals thereafter. The commission shall, pursuant to Section 1701.1, shall determine whether a proceeding on a proposed update to a plan requires a hearing, consistent with subdivision (d).

(b) The service and safety plan developed and implemented pursuant to subdivision (a) shall be consistent with best practices in the gas industry and with federal pipeline safety statutes as set forth in Chapter 601 (commencing with Section 60101) of Subtitle VIII of Title 49 of the United States Code and the regulations adopted by the United States Department of Transportation pursuant to those statutes.

(c) The service and safety plan developed and implemented pursuant to subdivision (a) shall set forth how the gas corporation will implement the policy established in subdivision (c) of Section 966 and achieve each of the following:

(1) Identify and minimize hazards and systemic risks in order to prevent accidents, explosions, fires, and dangerous conditions, and protect the public and gas corporation employees.
(2) Identify the safety-related systems that will be deployed to eliminate or minimize hazards, including adequate documentation of gas plant history and capability.

(3) Provide adequate storage and transportation capacity to reliably and safely deliver gas to all customers consistent with rules authorized by the commission governing core and noncore reliability and curtailment, including provisions for expansion, replacement, preventive maintenance, and reactive maintenance and repair of its commission-regulated gas pipeline facility.

(4) Provide for effective patrol and inspection of the commission-regulated gas pipeline facility to detect leaks and other compromised facility conditions and to effect timely repairs.

(5) Provide for appropriate and effective system controls, with respect to both equipment and personnel procedures, to limit the damage from accidents, explosions, fires, and dangerous conditions.

(6) Provide timely response to customer and employee reports of leaks and other hazardous conditions and emergency events, including disconnection, reconnection, and pilot-lighting procedures.

(7) Include appropriate protocols for determining maximum allowable operating pressures on relevant pipeline segments, including all necessary documentation affecting the calculation of maximum allowable operating pressures.

(8) Prepare for, prevent, or minimize damage from, and respond to, earthquakes and other major events.

(9) Exceed meet or exceed the minimum standards for safe design, construction, installation, operation, and maintenance of gas transmission and distribution facilities prescribed by regulations issued by the United States Department of Transportation in Part 192 (commencing with Section 192.1) of Title 49 of the Code of Federal Regulations.

(10) Ensure an adequate number of properly trained gas corporation employees to carry out the plan.

(11) Any additional matter that the commission determines should be included in the plan.
(d) The commission and gas corporation shall provide opportunities for full meaningful, substantial, and ongoing participation by gas corporation employees in the development and implementation of the service and safety plan, with the objective of developing an industrywide culture of safety that will prevent accidents, explosions, fires, and dangerous conditions for the protection of the public and gas corporation employees.

962. The commission shall take all reasonable and appropriate actions necessary to carry out the safety priority policy of subdivision (c) of Section 966 consistent with the principle of just and reasonable cost-based rates.

Article 3. Natural Gas Service

965. For purposes of this article, the following terms have the following meanings:

(a) “After-meter services” includes, but is not limited to, leak investigation, inspecting customer piping and appliances, carbon monoxide investigation, pilot relighting, and high bill investigation.

(b) “Basic gas service” includes transmission, storage for reliability of service, and distribution of natural gas, purchasing natural gas on behalf of a customer, revenue cycle services, and after-meter services.

(c) “Metering services” includes, but is not limited to, gas meter installation, meter maintenance, meter testing, collecting and processing consumption data, and all related services associated with the meter.

(d) “Revenue cycle services” means metering services, billing the customer, collection, and related customer services.

966. The Legislature finds and declares all of the following:

(a) In order to ensure that all core customers of a gas corporation continue to receive safe basic gas service, each existing gas corporation shall continue to provide this essential service.

(b) A customer shall not be required to pay separate fees for utilizing services that protect public or customer safety.

(c) It is the policy of the state that the commission and each gas corporation place safety of the public and gas corporation employees as the top priority.

967. (a) The commission shall require each gas corporation to provide bundled basic gas service to all core customers in its
service territory unless the customer chooses or contracts to have
natural gas purchased and supplied by another entity.

(b) A public utility gas corporation shall continue to be the
exclusive provider of revenue cycle services to all customers in
its service territory, except that an entity purchasing and supplying
natural gas under the commission’s existing core aggregation
program may perform billing and collection services for its
customers under the same terms as currently authorized by the
commission, and except that a supplier of natural gas to noncore
customers may perform billing and collection for natural gas supply
for its customers.

(c) The gas corporation shall continue to calculate its charges
for services provided by that corporation. If the commission
establishes credits to be provided by the gas corporation to core
aggregation or noncore customers who obtain billing or collection
services from entities other than the gas corporation, the credit
shall be equal to the billing and collection services costs actually
avoided by the gas corporation.

(d) The commission shall require the distribution rate to continue
to include after-meter services and shall authorize sufficient
revenues and employee staffing to provide for prompt provision
of these services to the public, consistent with the policy developed
and implemented by the gas corporation and approved by the
commission pursuant to Section 961.

SEC. 3. No reimbursement is required by this act pursuant to
Section 6 of Article XIIIB of the California Constitution because
the only costs that may be incurred by a local agency or school
district will be incurred because this act creates a new crime or
infraction, eliminates a crime or infraction, or changes the penalty
for a crime or infraction, within the meaning of Section 17556 of
the Government Code, or changes the definition of a crime within
the meaning of Section 6 of Article XIII B of the California
Constitution.