

AMENDED IN ASSEMBLY SEPTEMBER 1, 2011

AMENDED IN ASSEMBLY AUGUST 26, 2011

AMENDED IN ASSEMBLY AUGUST 15, 2011

AMENDED IN ASSEMBLY JULY 5, 2011

AMENDED IN ASSEMBLY JUNE 22, 2011

AMENDED IN SENATE MAY 5, 2011

AMENDED IN SENATE APRIL 13, 2011

SENATE BILL

No. 705

Introduced by Senator Leno

February 18, 2011

An act to add Sections 961 and 963 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 705, as amended, Leno. Natural gas: service and safety.

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 require each gas corporation to develop a plan, as specified, for the safe and reliable operation of its commission-regulated gas pipeline facility. 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 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 plan, discussed above, to set forth the manner in which the gas corporation will implement this policy and achieve specified objectives.* 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.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. Section 961 is added to the Public Utilities Code,
2 to read:

3 961. (a) *For purposes of this section, “gas corporation*
4 *workforce” means the employees of a gas corporation and*
5 *employees of an independent contractor of the gas corporation*
6 *while working under contract with the gas corporation.*

7 (b) (1) Each gas corporation shall develop a plan for the safe
8 and reliable operation of its commission-regulated gas pipeline
9 facility that implements the policy of paragraph (3) of subdivision
10 (b) of Section 963, subject to approval, modification, and adequate
11 funding by the commission.

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

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

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

24 ~~(b)~~

25 (c) The plan developed, approved, and implemented pursuant
26 to subdivision-~~(a)~~ (b) shall be consistent with best practices in the
27 gas industry and with federal pipeline safety statutes as set forth
28 in Chapter 601 (commencing with Section 60101) of Subtitle VIII
29 of Title 49 of the United States Code and the regulations adopted

1 by the United States Department of Transportation pursuant to
2 those statutes.

3 (e)

4 (d) The plan developed, approved, and implemented pursuant
5 to subdivision ~~(a)~~ (b) shall set forth how the gas corporation will
6 implement the policy established in paragraph (3) of subdivision
7 (b) of Section 963 and achieve each of the following:

8 (1) Identify and minimize hazards and systemic risks in order
9 to minimize accidents, explosions, fires, and dangerous conditions,
10 and protect the public and ~~gas corporation employees~~ *the gas*
11 *corporation workforce.*

12 (2) Identify the safety-related systems that will be deployed to
13 minimize hazards, including adequate documentation of the
14 commission-regulated gas pipeline facility history and capability.

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

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

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

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

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

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

38 (9) Meet or exceed the minimum standards for safe design,
39 construction, installation, operation, and maintenance of gas
40 transmission and distribution facilities prescribed by regulations

1 issued by the United States Department of Transportation in Part
2 192 (commencing with Section 192.1) of Title 49 of the Code of
3 Federal Regulations.

4 (10) Ensure an adequately sized, qualified, and properly trained
5 gas corporation workforce to carry out the plan.

6 (11) Any additional matter that the commission determines
7 should be included in the plan.

8 ~~(d)~~

9 (e) The commission and gas corporation shall provide
10 opportunities for meaningful, substantial, and ongoing participation
11 by ~~gas corporation employees~~ *the gas corporation workforce* in
12 the development and implementation of the plan, with the objective
13 of developing an industrywide culture of safety that will minimize
14 accidents, explosions, fires, and dangerous conditions for the
15 protection of the public and ~~gas corporation employees~~ *the gas*
16 *corporation workforce*.

17 ~~(e)~~

18 (f) Nothing in this section limits the obligation of a gas
19 corporation to provide adequate service and facilities for the
20 convenience of the public and its employees pursuant to Section
21 451 or the authority of the commission to enforce that obligation
22 under state law.

23 SEC. 2. Section 963 is added to the Public Utilities Code, to
24 read:

25 963. (a) For purposes of this section, the following terms have
26 the following meanings:

27 (1) "After-meter services" includes, but is not limited to, leak
28 investigation, inspecting customer piping and appliances, carbon
29 monoxide investigation, pilot relighting, and high bill investigation.

30 (2) "Basic gas service" includes transmission, storage for
31 reliability of service, and distribution of natural gas, purchasing
32 natural gas on behalf of a customer, revenue cycle services, and
33 after-meter services.

34 (3) "Metering services" includes, but is not limited to, gas meter
35 installation, meter maintenance, meter testing, collecting and
36 processing consumption data, and all related services associated
37 with the meter.

38 (4) "Revenue cycle services" means metering services, billing
39 the customer, collection, and related customer services.

40 (b) The Legislature finds and declares all of the following:

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

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

6 (3) It is the policy of the state that the commission and each gas
7 corporation place safety of the public and gas corporation
8 employees as the top priority. The commission shall take all
9 reasonable and appropriate actions necessary to carry out the safety
10 priority policy of this paragraph consistent with the principle of
11 just and reasonable cost-based rates.

12 (c) (1) The commission shall require each gas corporation to
13 provide bundled basic gas service to all core customers in its
14 service territory unless the customer chooses or contracts to have
15 natural gas purchased and supplied by another entity.

16 (2) A gas corporation shall continue to be the exclusive provider
17 of revenue cycle services to all customers in its service territory,
18 except that an entity purchasing and supplying natural gas under
19 the commission's existing core aggregation program may perform
20 billing and collection services for its customers under the same
21 terms as currently authorized by the commission, and except that
22 a supplier of natural gas to noncore customers may perform billing
23 and collection for natural gas supply for its customers.

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

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

37 SEC. 3. No reimbursement is required by this act pursuant to
38 Section 6 of Article XIII B of the California Constitution because
39 the only costs that may be incurred by a local agency or school
40 district will be incurred because this act creates a new crime or

1 infraction, eliminates a crime or infraction, or changes the penalty
2 for a crime or infraction, within the meaning of Section 17556 of
3 the Government Code, or changes the definition of a crime within
4 the meaning of Section 6 of Article XIII B of the California
5 Constitution.

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