

Docket No. SA-534

Exhibit No. 2-DM

NATIONAL TRANSPORTATION SAFETY BOARD

Washington, D.C.

CPUC OCTOBER 17, 2008 LETTER TO PG&E REGARDING
GO 112E AUDIT OF PG&E PENNINSULA DIVISION

(3 Pages)

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 17, 2008

Mr. Glen Carter, Senior Director
Gas Engineering
Pacific Gas and Electric Company
375 North Wiget Lane
Walnut Creek, CA 94598

SUBJECT: General Order 112-E Audit of PG&E's Peninsula Division

Dear Mr. Carter:


On behalf of the Utilities Safety and Reliability Branch of the California Public Utilities Commission, Jadwinder Singh and I conducted a General Order (GO) 112-E Inspection of PG&E's Peninsula Division from July 14 through 18, 2008. The audit included a review of Peninsula Division records for the period 2006 and 2007.

During the audit, we identified one or more violations of GO 112-E. These violations are itemized within the Audit Summary enclosed with this letter. Please note that the violations included within the Audit Summary may differ from the potential violations discussed with PG&E's representatives during the exit meeting of our audit. Any differences are generally attributed to research, conducted subsequent to the audit, which can result in some potential violations being excluded and other violations, not discussed during the exit meeting, being included in the Audit Summary.

Within 90 days of your receipt of this letter, please provide a written response indicating the measures taken by PG&E to address the violations noted in the Audit Summary.

If you have any questions, please contact me at (415) 703-2214.

Sincerely,



Dennis Lee
Utilities Engineer
Utilities Safety and Reliability Branch
Consumer Protection and Safety Division

Enclosure: Audit Summary

Copy: Boris Andino – Pacific Gas and Electric Company
Larry Berg – Pacific Gas and Electric Company
Bob Howard – Pacific Gas and Electric Company

AUDIT SUMMARY

AREAS OF VIOLATIONS

1. Title 49 Code of Federal Regulations (49 CFR) §192.805 Qualification program

§192.805 (b) requires that "Ensure through evaluation that individuals performing covered tasks are qualified;"

PG&E employee, Terry Gallagher, conducted leak surveys of 66 plat maps in 2007 while not qualified to perform that covered task. Please explain how an unqualified individual was able to perform a covered task. Ensure that individuals performing covered tasks are qualified as per §192.805 (b).

2. Title 49 CFR §192.723 Distribution systems: Leakage surveys

§192.723 (b)(1) requires that "A leakage survey with leak detector equipment must be conducted in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an opportunity for finding gas leaks, at intervals not exceeding 15 months, but at least once each calendar year."

During the review of the leak survey records, we found 21 plat maps that were leak surveyed in 2007 by an unqualified PG&E employee that were subsequently re-surveyed by a qualified PG&E employee in 2008. Since the leak survey's conducted by the unqualified employee did not qualify as leak surveys in 2007, therefore leak surveys of those plat maps were not completed once each calendar year for 2007 as per §192.723 (b)(1).

3. Title 49 CFR §192.603 General provisions

§192.603 (b) requires that "Each operator shall keep records necessary to administer the procedures established under §192.605."

§192.605 (b)(1) states the following: "Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and Subpart M of this part."

Subpart M – Maintenance includes §192.739 Pressure limiting and regulating stations: Inspection and testing.

§192.739 (a) requires that "Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to determine that it is – (1) In good mechanical condition; (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed; (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation."

During the review of the relief device maintenance records, we found two relief stations (A-80 and A-84) that consist of two reliefs per station but only had one entry per station in the maintenance records for the two reliefs. We believe that two entries are needed per station in order to accurately document that the maintenance required by §192.739 was in fact performed for each relief device.

FIELD OBSERVATION

1. During the field inspection at regulator station A-79, the monitor did not take over. The inspection of the regulator station was stopped prior to the downstream pressure exceeding MAOP + allowable. The monitor was then reset at a lower pressure and it then took over. Please ensure that regulator station devices are set to the appropriate set points in order to protect against over pressuring.

OBSERVATIONS

1. During the inspection, PG&E provided a document, Peninsula Division MAOP Documentation of Gas Distribution System, in regards to missing MAOP documentation for the Peninsula Division. Further review is being done and there have been on going discussions between PG&E and CPUC related to this issue. Follow up questions and requests will be done on separate letters and/or emails.
2. During the review of the 2007 10%-er survey records, we noticed that many isolated service locations were noted as "No such address". It is concerning to see so many "No such address" locations are being found where previous pipe-to-soil readings were taken. Also, if these 10%-ers are not located at the address indicated (as noted by the "No such address"), then the 10%-ers must be located somewhere else and are not being monitored. Please explain what PG&E plans to do about this issue.