

Attachment 2

Pipeline Group Factual Report

CPUC Audit and PG&E Response

Rancho Cordova, California
December 24, 2008

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 1, 2008

Mr. Glen Carter, Director
Gas Engineering (GT&D)
Pacific Gas and Electric Company
375 N. Widget Lane
Walnut Creek, CA 94598

SUBJECT: Notice of Violations of General Order 112E -- Compliance inspection of PG&E's Fresno Division.

Dear Mr. Carter:


The staff of the Utilities Safety and Reliability Branch of the California Public Utilities Commission conducted a General Order 112-E safety audit of PG&E's Fresno Division (Division) from April 28 – May 2, 2008. The audit primarily included a review of the Division's records for the years 2006 and 2007 and a field inspection of various segments of the gas distribution system.

During the inspection, staff identified one or more violations of GO 112-E. These violations are itemized within the Summary of Inspection Findings (Summary) enclosed with this letter. Please note that the violations included within the Summary may differ from the potential violations discussed during the exit meeting with Division representatives at the conclusion 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 Summary.

Within 90 days of your receipt of this letter, please provide a written response indicating the measures taken by PG&E to correct the violations noted in the Summary. For any corrections not completed by the date of your response, please explain what prevented their completion and provide specific dates by which these corrections are expected to be completed. For any delays which are expected to extend the corrections dates beyond those indicated in the 90 day response, please submit additional notification of such delays (reasons for the delay, new proposed completion dates, etc.) as far in advance of the delay as possible.

If you have any questions, please contact me at (415) 703-2407 or by e-mail at SKS@cpuc.ca.gov.

Sincerely,


Sunil K. Shori
Utilities Engineer
Utilities Safety and Reliability Branch
Consumer Protection and Safety Division

Enclosure: Summary of Inspection Findings

C: Mr. Bob Howard – PG&E
Mr. Boris Andino – PG&E
Mr. Jadwindar Singh – CPSD/USRB

AREAS OF VIOLATION:

1) **49 CFR, Part 192, Section 192.615 Emergency Plan**

Section 192.615(a)(3) requires each operator's written procedures, established to minimize hazards related to gas pipelines, must provide for: "... Prompt and effective response to a notice of each type of emergency, including... Gas detected inside or near a building." Section 192.615(a)(4) also requires: "The availability of personnel, equipment, tools, and materials, as needed at the scene of an emergency."

PG&E utilizes its Field Service Representatives (FSRs) to respond to customer reports of smell of gas. PG&E's UO Standard UO-6434 requires FSRs to determine the severity of leaks and make decisions about actions necessary to mitigate the findings on the scene. This standard requires FSRs to decide if any leaks they find outdoors are "hazardous" or "not hazardous" and take action to notify an on-call supervisor from the construction group if they consider the leak as "hazardous."

UO Standard UO-6434 discusses processes for how FSRs are to determine the severity of leaks inside a dwelling and actions to be taken in response. However, this standard is silent in regard to assessing or grading outdoor leaks. Nonetheless, this standard requires FSRs to make such determinations related to outdoor leaks even though the standard does not define what constitutes a "hazardous" leak. The standard also does not provide, nor does it qualify FSRs on the use of, gas detection equipment and knowledge necessary for properly grading a leak found outdoors. The result is that since FSRs are not qualified to assess and grade outdoor leaks, they are left to make subjective decisions regarding the severity of these leaks and the determination of need to notify on-call construction personnel.

The process in UO Standard UO-6434, wherein events requiring immediate attention are identified and classified by persons not qualified to make such decisions, has the real potential to prevent or delay qualified personnel from timely responding to, and correcting what can be, very hazardous conditions.

This is a violation of Sections 192.615 (a)(3) and (a)(4).

PG&E must review its procedures related to Section 192.615 and make certain that all personnel who respond to reports of gas leaks are provided with the proper equipment, which allows them to identify and classify the severity of all leaks that can potentially be encountered. Such personnel must be qualified on the use of this equipment and the procedures that enable them to properly

determine the actions necessary to protect people and property by making safe any actual or potential hazards.

2) **49 CFR, Part 192, Section 192.491(c) and 192.465(e) – Corrosion control records**

Section 192.491(c) states: *“Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§192.465 (a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.”*

Section 192.465(e) states: *“After the initial evaluation required by §§192.455(b) and (c) and 192.457(b), each operator must, not less than every three years at intervals not exceeding 39 months, reevaluate its unprotected pipelines and cathodically protect them in accordance with this subpart in areas which active corrosion is found...”*

- a) Division Plat 3868-D6 shows pipeline as unprotected, while the main is actually tied into CPA 3868-12. CPA 3868-12 (Att.3) has a date of 08/14/1998 when all unprotected steel was identified. The Division continues to be unable to adequately confirm, and document, which facilities are unprotected steel within its territory. We believe PG&E's cathodic protection area re-surveys, conducted during the last five years, should have, by now, corrected any existing inaccuracies related to unprotected pipelines, or bonding locations.

Please review this matter further and report on what caused the inconsistency that we noted, what actions the Division has undertaken, or intends to take, to identify and correct other inconsistencies within its mapping records, and timeframes for completing these actions.

- b) Division documentation related to the atmospheric corrosion monitoring program does not provide a "cradle to grave" record that allows for confirmation that the atmospheric corrosion monitoring program is properly understood by affected employees, being applied correctly, and is effective at correcting all findings noted by the monitoring being performed. Specifically, Division records do not convey actions taken to correct findings, reasons for findings that are canceled without any action having been taken to correct findings, dates for actions taken, names of those taking the actions, and the time frames in which activities are taking place. In effect, the atmospheric corrosion control monitoring program is not auditable.

This continues to be an issue related to a significant lack of quality control and documentation related to the Division's (and we suspect PG&E overall) atmospheric corrosion monitoring program. Absence of adequate



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November 5, 2008

Mr. Sunil K. Shori
Utilities Safety and Reliability Branch
Consumers Protection and Safety Division
California Public Utilities Commission
505 Van Ness Avenue, 2nd Floor
San Francisco, CA. 94102-3298

SUBJECT: State of California – Public Utilities Commission
General Order 112-E Inspection
Fresno Division

Dear Mr. Shori:

The following is our response to your letter dated August 1, 2008, which transmitted the results of the April 28 through May 2, 2008 General Order 112-E Inspection of Fresno Division.

AREAS OF VIOLATIONS

The following are violations noted on the previous USRB audit of the Division conducted on June 26-30, 2006. The results of that audit were communicated to PG&E on July 20, 2006. Based on PG&E's response to that audit, the USRB expected that these violations had been corrected; however, our 2008 audit found that not to be the case. As a result, the following violations are considered as second, consecutive, violations of the noted code sections.

1) **49 CFR, Part 192, Section 192.353 – Customer meters and regulators:**
Location.

Section 192.353 (b) states: *“Each meter and service regulator...must be installed in a readily accessible location and be protected from corrosion and other damage...”*

- a) Our field inspection found that the meter installed at 2327 Knowles (Selma), directly contacted the soil surface. Because contact with the soil surface provides a continuous source of moisture that can accelerate corrosion of the meter casing, all above-ground metallic gas distribution facilities (which includes

monthly. All completed AC orders are stored within our FAS system – orders will be randomly retrieved from the system for the review.

- Based on the findings of the review, service orders will be created to correct any identified deficiencies within 10 working days. If appropriate, additional inspections will be conducted to ensure overall work compliance.
- Additionally, identified deficiencies will be discussed during routine tailboards, and any necessary re-training of individual employees or work groups will be provided and documented by the local supervisor.
- All findings of the Quality Review Process will be documented.
- If a GSR finds an AC problem that they cannot correct or the repair is beyond the scope of the remediation actions for GSR's (i.e., deep pitting on service riser, etc.), PG&E's Case Management System will be utilized to document and refer to Maintenance and Construction personnel for corrective action. The system will automatically forward the order to M&C and track the order through completion.

2) The Customer Field Services Director will hold a conference call with all Field Services Managers and Supervisors to review the AC Program and discuss expectations for training, documentation and implementation of the Field Services system-wide Quality Control Program. A record of attendance and content presented will be developed to document this task by December 31, 2008

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PG&E Response:

PG&E agrees with this finding and will take the following System-wide Corrective Action to prevent recurrence.

System-wide Corrective Action:

UO-6434 is silent in regard to the assessment or grading of outdoor leaks. PG&E will update UO-6434 to more effectively define "hazardous" outdoor leaks and will communicate by 12/31/08 via a Gas Information Bulletin (GIB).

In addition, the current job classification for FSRs (actually titled Gas Service Representatives or GSRs) does not provide for this classification to grade outdoor leaks. However, PG&E is in current Union negotiations to add this job duty to a GSR. If successful in its negotiations PG&E will ensure GSRs are properly trained, qualified and provided with proper equipment to grade outdoor leaks.