

PUBLIC UTILITIES COMMISSION

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October 31, 2013

Mr. Mike Lamond
Administration/CFO
Alpine Natural Gas
15 St. Andrews Road
P.O. Box 550
Valley Springs, CA 95252

GA2013-03

SUBJECT: GO 112-E Gas Audit of Alpine Natural Gas

Dear Mr. Lamond:

On behalf of the Safety and Enforcement Division (SED) of the California Public Utilities Commission, Terence Eng, Willard Lam, and Balraj Sandhu conducted a General Order 112-E and Distribution Integrity Management Program (DIMP) audit of Alpine Natural Gas (Alpine) from April 22-24, 2013. The audit included a review of Alpine's operation and maintenance records for the years 2011 through 2012 and random inspections of its gas pipeline facilities. SED's findings are in the Summary of Inspection Findings (Summary) which is enclosed with this letter. The Summary reflects only those particular records and pipeline facilities that SED inspected during the audit.

Within 30 days of your receipt of this letter, please provide a written response indicating the measures taken by Alpine to address SED's findings and observations it noted in the Summary. Pursuant to Commission Resolution ALJ-274, SED staff has the authority to issue citations for each violation found during the audit. SED will notify Alpine of the enforcement action it plans to take after it reviews Alpine's audit response. If you have any questions, please contact Terence Eng at (415) 703-5326.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mike Robertson".

Michael Robertson
Program Manager
Gas Safety and Reliability Branch
Consumer Protection and Safety Division

Enclosure: Summary of Inspection Findings
1. Audit Findings and Violations
2. Observations and Concerns

cc: Dennis Lee, SED
Aimee Cauquiran, SED
Terence Eng, SED

SUMMARY OF INSPECTION FINDINGS

1 Audit Findings and Violations

1.1 Title 49 Code of Federal Regulations (CFR) §192.13 states in part:

“(a) No person may operate a segment of pipeline listed in the first column that is readied for service after the date in the second column, unless:

(1) The pipeline has been designed, installed, constructed; initially inspected, and initially tested in accordance with this part”

Title 49 CFR §192.273(c) of Subpart F—Joining of Materials Other Than by Welding states:

“Each joint must be inspected to insure compliance with this subpart.”

On October 20, 1971, the Federal Pipeline and Hazardous Materials Safety Administration issued this Interpretation of §192.273:

“The intent is for 100 percent inspection [of all joints], but this does not state how or by whom. For example, if a pipe fitter makes up a meter and regulator set on domestic customer service, at least a soap bubble check would be appropriate. If a crew installs a line valve, the foreman should make certain that no excessive strain on the valve might make it inoperable, and that flanges, if used, are assembled properly and are gas tight.”

Alpine does not keep inspection documentation for each pipeline joint produced by joining. Therefore, Alpine is in violation of Title 49 CFR §192.13.

1.2 Title 49 CFR §192.241 states in part:

“(a) Visual inspection of welding must be conducted by an individual qualified by appropriate training and experience to ensure that:

(1) The welding is performed in accordance with the welding procedure; and

(2) The weld is acceptable under paragraph (c) of this section.”

Furthermore,

“(c) The acceptability of a weld that is non-destructively tested or visually inspected is determined according to the standards in Section 9 of API Standard 1104 (incorporated by reference, see §192.7). However, if a girth weld is unacceptable under those standards for a reason other than a crack, and if Appendix A to API 1104 applies to the weld, the acceptability of the weld may be further determined under that appendix.”

In April 2013, Alpine hired a contractor to install a 4” valve at the outlet of its regulator station. Alpine did not have records of a visual inspection to indicate that a qualified individual determined if the acceptability of the weld was in accordance with Section 9 of API Standard 1104. Therefore, Alpine is in violation of Title 49 CFR §192.241.

1.3 Title 49 CFR §192.283 states in part:

“(a) Heat fusion, solvent cement, and adhesive joints. Before any written procedure established under §192.273(b) is used for making plastic pipe joints by a heat fusion, solvent cement, or

adhesive method, the procedure must be qualified by subjecting specimen joints made according to the following tests:

(1) The burst test requirements of—

(iii) In the case of electrofusion fittings for polyethylene (PE) pipe and tubing, paragraph 9.1 (Minimum Hydraulic Burst Pressure Test), paragraph 9.2 (Sustained Pressure Test), paragraph 9.3 (Tensile Strength Test), or paragraph 9.4 (Joint Integrity Tests) of ASTM Designation F1055 (incorporated by reference, see §192.7).”

Alpine has not qualified the procedure for making joints in the case of electrofusion fittings by subjecting specimen joints made according to one of the tests specified in ASTM Designation F1055. Therefore, Alpine is in violation of Title 49 CFR §192.283(a)(1)(iii).

1.4 Title 49 CFR §192.283(b) states:

“Mechanical joints. Before any written procedure established under §192.273(b) is used for making mechanical plastic pipe joints that are designed to withstand tensile forces, the procedure must be qualified by subjecting five specimen joints made according to the procedure to the following tensile test:

(1) Use an apparatus for the test as specified in ASTM D 638 (except for conditioning), (incorporated by reference, see §192.7).

(2) The specimen must be of such length that the distance between the grips of the apparatus and the end of the stiffener does not affect the joint strength.

(3) The speed of testing is 0.20 in. (5.0 mm) per minute, plus or minus 25 percent.

(4) Pipe specimens less than 4 in. (102 mm) in diameter are qualified if the pipe yields to an elongation of no less than 25 percent or failure initiates outside the joint area.

(5) Pipe specimens 4 in. (102 mm) and larger in diameter shall be pulled until the pipe is subjected to a tensile stress equal to or greater than the maximum thermal stress that would be produced by a temperature change of 100°F (38°C) or until the pipe is pulled from the fitting. If the pipe pulls from the fitting, the lowest value of the five test results or the manufacturer's rating, whichever is lower must be used in the design calculations for stress.

(6) Each specimen that fails at the grips must be retested using new pipe.

(7) Results obtained pertain only to the specific outside diameter, and material of the pipe tested, except that testing of a heavier wall pipe may be used to qualify pipe of the same material but with a lesser wall thickness.”

Alpine has not qualified the procedure for making mechanical joints designed to withstand tensile forces for plastic pipe in accordance with §192.283(b). This is done by producing five specimen joints made according to the procedure and subjecting them to the tensile test specified in §192.283(b). Therefore, Alpine is in violation of Title 49 CFR §192.283(b).

1.5 Title 49 CFR §192.353(a) states in part:

“Each meter and service regulator, whether inside or outside a building, must be installed in a readily accessible location and be protected from corrosion and other damage, including, if installed outside a building, vehicular damage that may be anticipated.”

Alpine provides service to The Terrace Plaza of Valley Springs. Alpine has meters, with no meter protection, located on the outside of the buildings in close proximity to where cars regularly travel. Alpine must provide barriers (e.g. posts) to protect each meter and service regulator from vehicular damage.

1.6 Title 49 CFR §192.605(a) states in part:

“General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response.”

Alpine’s Operations and Maintenance (O&M) Plan p.105 states:

“Odorant level verification shall be monitored and recorded at customer sales points at an interval of once per calendar month.”

Alpine did not perform its monthly odorant level verifications from April to December 2011. Therefore, Alpine is in violation of Title 49 CFR §192.605(a) for not following its O&M Plan.

1.7 Title 49 CFR §192.739 states in part:

*“(a) 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 inspections and tests to determine that it is—
(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)”*

Alpine did not provide documentation to show inspection and testing of its pressure regulating station during calendar years 2011 and 2012 to determine that it was set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a). As a result, Alpine is in violation of Title 49 CFR §192.739.

1.8 Title 49 CFR §192.805 states in part:

*“Each operator shall have and follow a written qualification program. The program shall include provisions to:
(i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the Administrator or state agency has verified that it complies with this section.”*

Alpine’s Operator Qualification Plan does not include written provisions to notify the Administrator or the state agency of any significant modifications to its program. As a result, Alpine is in violation of Title 49 CFR §192.805(i).

1.9 Title 49 CFR §199.113 states in part:

“(a) Each operator shall provide an employee assistance program (EAP) for its employees and supervisory personnel who will determine whether an employee must be drug tested based on reasonable cause...”

Furthermore,

(c) Training under each EAP for supervisory personnel who will determine whether an employee must be drug tested based on reasonable cause must include one 60-minute period of

training on the specific, contemporaneous physical, behavioral, and performance indicators of probable drug use."

Alpine did not ensure that the person responsible for requiring an employee to undergo drug testing under reasonable cause had received at least 60 minutes of training on the specific, contemporaneous physical, behavioral, and performance indicators of probable drug use. As a result, Alpine is in violation of Title 49 CFR §199.113.

1.10 Title 49 CFR §199.241 states:

"Each operator shall ensure that persons designated to determine whether reasonable suspicion exists to require a covered employee to undergo alcohol testing under § 199.225(b) receive at least 60 minutes of training on the physical, behavioral, speech, and performance indicators of probable alcohol misuse."

Alpine did not ensure that the person responsible for requiring an employee to undergo alcohol testing under reasonable suspicion had received at least 60 minutes of training on indicators of probable alcohol misuse. As a result, Alpine is in violation of Title 49 CFR §199.241.

2 Observations and Concerns

2.1 Gas Distribution Integrity Management Program: FAQs C.4.d.8 states in part:

“The operator must define the threshold level at which additional measures to reduce risk must be implemented. The operator must be able to justify the basis used for establishing the threshold level for each identified risk.”

Alpine’s DIMP program includes three threats with associated risks: excavation damage, material, weld, or joint failure, and equipment malfunction. Alpine does not implement any additional measures to reduce the risks. SED recommends that Alpine should define a threshold level for each risk to determine when additional measures are necessary.

2.2 Alpine’s O&M Plan p.44 states, “All leak repairs on pipeline will be recorded in Leak Repair Log 724.”

The names of each person performing each leak repair from 2011 – 2013 were not documented in the Leak repair logs. SED recommends that Alpine retains documentation of who performs each leak repair to not only ensure qualified individuals are performing the repairs, but to also evaluate the individual if the operator has reason to believe that the individual’s performance contributed to an incident.

2.3 Equipment Calibration

Alpine has informal procedures for calibrating its equipment. Alpine informally calibrates its Combustible Gas Indicator (CGI) and copper-copper sulfate half-cell once a year. In 2011, Alpine did not document calibration of its CGI and in 2011-2012, it did not document calibration of its copper-copper sulfate half-cell.

SED recommends that Alpine formalize equipment calibration procedures and document all equipment calibrations it performs.

2.4 System Map

Alpine’s O&M Manual consists of a map of its pipeline system. Alpine color codes the pipelines to indicate the different sizes of pipe within its system.

SED recommends that Alpine include a color key/legend to explain what each color represents.

2.5 Customer Meter

During its field inspection, SED noticed that the customer meter at 1052 Mockingbird Hill, Valley Springs was in contact with the ground. Contact with the ground increases the risk of gas meter corrosion.

SED recommends that Alpine provide clearance between the meter and the ground at this location.

2.6 Service Regulator

During its field inspection, SED noticed that the service regulator at 1053 Mockingbird Hill, Valley Springs was missing a seal cap. Alpine should replace the cap of the service regulator at this location to avoid the risk of equipment malfunction.