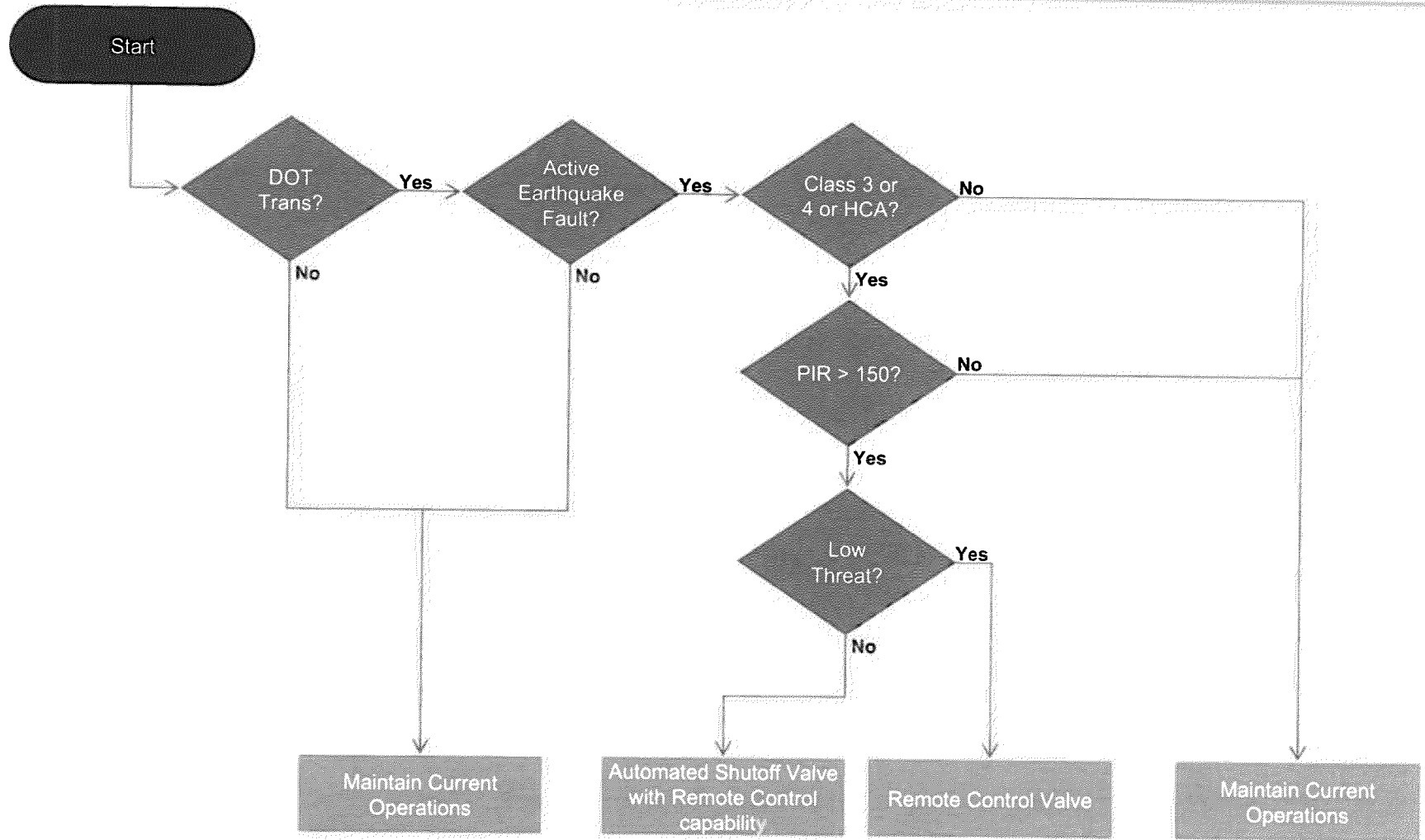


ATTACHMENTS
TO
COMMENTS OF THE CITY AND COUNTY OF SAN FRANCISCO
ON THE INDEPENDENT PANEL REPORT ISSUED JUNE 8, 2011

PG&E's June 23, 2011 Remote Controlled and Automatic Shut Off Valve Proposal



Valve Automation – EQ Fault Crossing Decision Tree

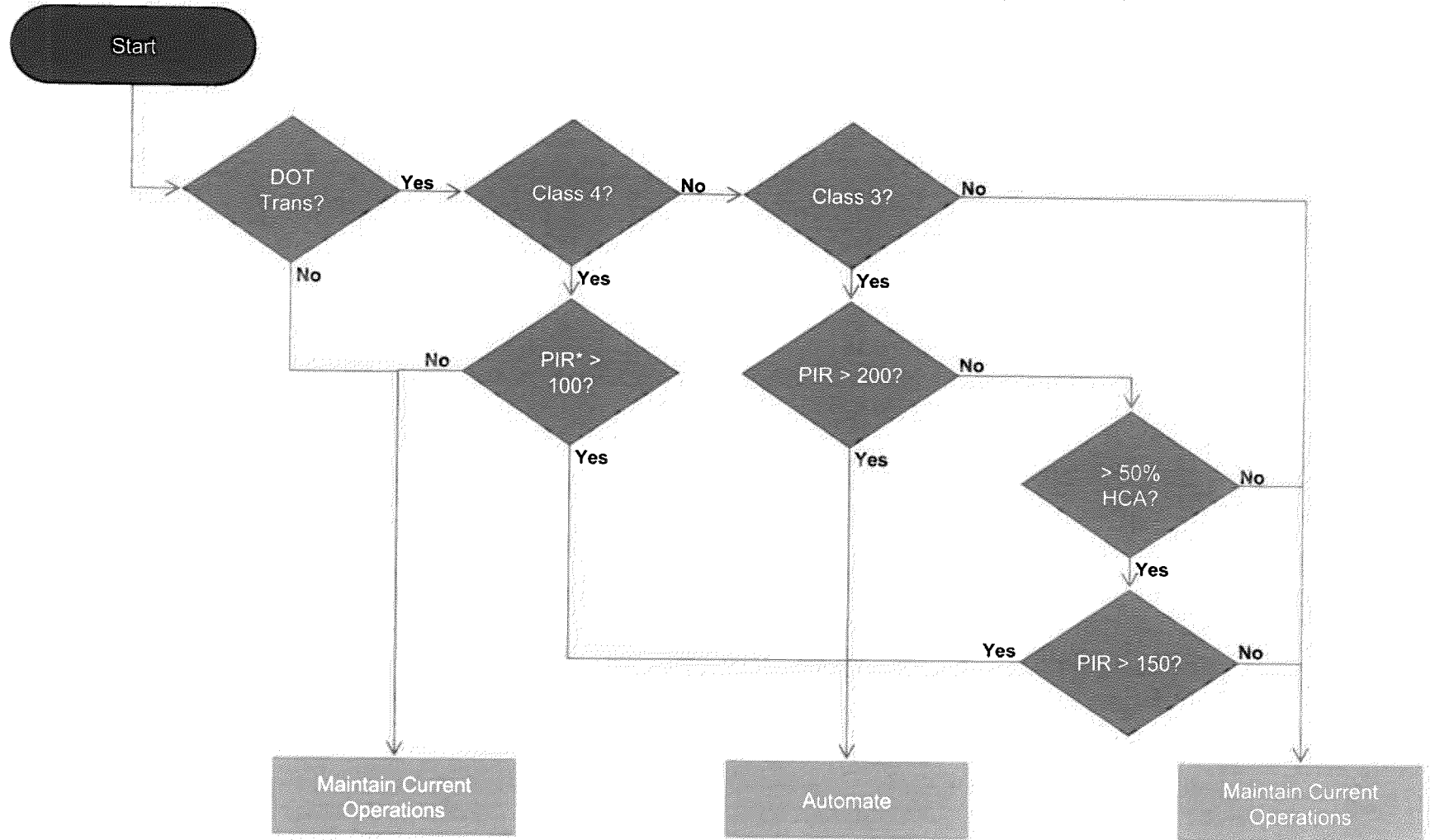


*: Potential impact radius (PIR) means the radius of a circle within which the potential failure of a pipeline could have significant impact on people or property.

Input	Decision tree element	Actions / Outcomes
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Valve Automation – Population Decision Tree



*: Potential impact radius (PIR) means the radius of a circle within which the potential failure of a pipeline could have significant impact on people or property.

Input	Decision tree element	Actions / Outcomes
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Letter to Richard A. Bilas from Edward J. Ondak dated September 28, 1998



U.S. Department
of Transportation

Western Region
Pipeline Safety

12600 W. Colfax Ave
Suite A-250
Lakewood, CO 80215-3736

Research and
Special Programs
Administration

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 28, 1998

Mr. Richard A. Bilas
President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Dear Mr. Bilas:

During the week of April 27, 1998, Mr. Zach Barrett, State Liaison, Western Region, Office of Pipeline Safety (OPS), evaluated the California Public Utilities Commission's (CPUC) natural gas safety program. The evaluation covered the period from January 1, 1997, through December 31, 1997. The evaluation validated information submitted to our office regarding pipeline safety compliance as part of the CPUC's annual certification under Section 60105(a) and agreement under Section 60106(a) of Title 49, United States Code. As part of the evaluation, Mr. Barrett observed an inspection of the Pacific Gas and Electric Company, conducted in Concord, California by Mr. Mike Robertson. Mr. Barrett reports the inspection was conducted in a thorough and professional manner.

Thank you for providing the OPS a forum in your proceedings for evaluating the safety of unbundling meters. As you are aware your decision regarding this issue could have major implications for the pipeline safety program. The OPS appreciates the opportunity to voice its concerns to the CPUC regarding this important safety matter. Additionally, thank you for your support for providing state inspection staff with laptop computers. The laptop computers will allow the CPUC engineers to utilize OPS software and training modules to more effectively respond to operator questions and request in the field. The laptop computers also will better position the CPUC to take advantage of future improvements in our electronic communications initiatives.

As a result of the evaluation, I would like to bring the following items to your attention:

1. As you are aware, the CPUC does not currently have safety authority over the following intrastate natural

gas facilities: 1) private transmission pipelines, 2) master-meters facilities other than mobile home parks, 3) direct sales pipelines, and 4) municipal natural gas systems. Additionally, the OPS is concerned that if the CPUC unbundles distribution meters, new pipeline facility operators will be created that are not currently under the CPUC's safety authority. The OPS, under our current safety program, does not have adequate resources to inspect the potential new operators. To provide adequate oversight it is imperative that the CPUC introduce legislation for safety authority over all intrastate natural gas facilities. This action will not only improve safety, but also will increase the state's performance points and related grant funding.

2. As you are aware, the OPS, based on state performance, funds up to 50 percent of the CPUC's pipeline safety program. It is critical that the State assures that in establishing the budget for the CPUC's pipeline safety program that federal funds earmarked for pipeline safety are dedicated to the pipeline safety program.
3. Adequate staffing continues to be a problem with the CPUC's pipeline safety program. The staffing formula developed by the National Association of Pipeline Safety Representatives (NAPSR) indicates that 28 person-years are needed to effectively administer the CPUC'S pipeline safety program. This number does not include supervisory or clerical personnel required to administer the program. For calendar year 1997 the CPUC had an inspection staff yielding only 13.25 person-years. Early this year the pipeline safety program lost a significant number of inspection staff resulting in a projected 9.84 person-years dedicated to the pipeline safety program for 1998. Immediate action must be taken to increase staffing levels to be commensurate with the NAPSR staffing formula to avoid losing grant allocation points and possible funding.

Notwithstanding the staffing and jurisdictional concerns, Mr. Barrett reports that the pipeline safety program is progressing. Thank you for your continuing support of the National Association of Pipeline Safety Representatives (NAPSR). Mr. Mahendra Jhala of your staff recently represented the Western Region States at the Annual NAPSR Board Meeting and serves on the Committee responsible for updating the OPS guide to small operators.

I would appreciate receiving your comments regarding the above items. Please respond within 60 days of your receipt of this letter to avoid the loss of performance points in next year's evaluation. If you have questions regarding pipeline safety matters, please do not hesitate to contact Mr. Barrett or me at (303) 231-5701. Thank you for the courtesies extended to Mr. Barrett by your staff and your continuing interest in the pipeline safety program.

Sincerely,



Edward J. Ondak
Director

cc: Gwendolyn M. Hill, Pipeline Compliance Registry
Mahendra Jhala, California Public Utilities Commission
Central Region, Office of Pipeline Safety
Eastern Region, Office of Pipeline Safety
Southern Region, Office of Pipeline Safety
Southwest Region, Office of Pipeline Safety

Letter to Mahendra Jhala from Zach Barrett dated October 22, 1999



U.S. Department
of Transportation

Western Region
Pipeline Safety

12600 W. Colfax Ave
Suite A-250
Lakewood, CO 80215-3736

Research and
Special Programs
Administration

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 22, 1999

Mr. Mahendra Jhala
Chief, Utilities Safety Branch
Consumer Services Division
California Public Utilities Commission
505 Van Ness Avenue, 2nd Floor
San Francisco, CA 94102

Dear Mr. Jhala:

During the week of April 12, 1999, I conducted a review of the California Public Utilities Commission's (Commission) natural gas safety program. The evaluation covered the period from January 1, 1998, through December 31, 1998. As part of the evaluation Mr. Todd Novak was observed conducting an inspection of the Rancho Benicia and Napa Oaktree Vineyard Retirement Mobil Home Parks, in Benicia and Napa, California. Mr. Novak's inspection was conducted in a thorough and professional manner.

I congratulate the Commission for consistently scoring highly on the performance evaluation qualifying for the "Alternate Program Evaluation". The pipeline safety program continues to show improvement in the areas of record keeping and tracking of compliance cases. Additionally, I very much appreciate your education efforts toward preventing damage to underground facilities. Your investigations of pipeline damage prevention complaints and subsequent Warning Letters to violators will do much to make them aware of the State Damage Prevention Law.

As a result of our evaluation, I would like to bring the following items to your attention:

1. The inspection procedures need to be amended to include provisions for master-meters and propane operator inspections. Please ensure that staff completes all appropriate sections of the inspection form. For sections or questions of the inspection form not completed during the inspection, please note on the form the reason for not completing all areas of the form.
2. Incident tracking should indicate if a field review is necessary, if incident reports are complete, and if the investigation is open or closed. Efforts should continue to clearly document if further action by the Commission is necessary regarding incident reports telephonically reported by operators.

3. Effort should be made to verify Annual Report information, submitted to OPS from operators, after it has been entered into the OPS database. The Annual Reports can be accessed through the State Computer and any discrepancies noted with the computer entries should be brought to the attention of OPS. This will result in better data accuracy for use in reports and data trends.

Thank you for posting the Damage Prevention Laws and associated information on your Web-Site. Education continues to be a leading factor for reducing excavation damage and is crucial for a successful damage prevention program.

I continued to be concerned regarding the Commission's staffing levels and lack of intrastate jurisdiction. I have enclosed the Chairman's letter and completed evaluation form for your review. Please take every opportunity to make strides toward improving these critical elements of your pipeline safety program.

Thank you for the courtesies extended to me by you and your staff and your continuing interest in the pipeline safety program. If you have questions regarding pipeline safety matters, please do not hesitate to contact me at (303) 231-5701.

Sincerely,

A handwritten signature in black ink, appearing to read "Zach Barrett", with a long horizontal flourish extending to the right.

Zach Barrett
State Liaison

Letter to Richard A. Bilas from Chris Hoidal dated October 22, 1999



U.S. Department
of Transportation

Western Region
Pipeline Safety

12600 W. Colfax Ave
Suite A-250
Lakewood, CO 80215-3736

Research and
Special Programs
Administration

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 22, 1999

Mr. Richard A. Bilas
President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102/3

Dear Mr. Bilas:

During the week of April 12, 1999, Mr. Zach Barrett, State Liaison, Western Region Office of Pipeline Safety, (OPS) evaluated the California Public Utilities Commission's (Commission) natural gas safety program. The Commission is to be congratulated for consistently scoring highly on the performance evaluation qualifying for the "Alternate Program Evaluation". The evaluation covered the period from January 1, 1998, through December 31, 1998. The evaluation validated information submitted to our office regarding pipeline safety compliance as part of the Commission's annual certification under Section 60105(a) of Title 49, United States Code. As part of the evaluation Mr. Todd Novak was observed conducting an inspection of the Rancho Benicia and Napa Oaktree Vineyard Retirement Mobil Home Parks, in Benicia and Napa, California. Mr. Novak's inspection was conducted in a thorough and professional manner.

As a result of the evaluation, I would like to bring the following items to your attention:

1. It is imperative that efforts continue toward the hiring of additional pipeline safety employees. For 1998, the Commission only dedicated 7.54 person-years to the pipeline safety program; a little more than one quarter of the 28 person-years indicated by the staffing formula as necessary to effectively administer the safety program. Not hiring additional staff will result in reduced grant allocation points possibly reducing funding for the pipeline safety program. Additionally, the long term effects of limited staffing levels can impact the Commission's ability to effectively identify and bring to closure pipeline safety violations and perform other critical elements of your pipeline safety program. Please take the necessary actions to increase pipeline safety staffing.
2. Limited staffing continues to hinder the ability of the Commission to assume full intrastate safety authority over natural gas pipeline facilities. I congratulate the Commission's efforts in 1994 resulting in the development of the propane distribution program and its continued improvements, however, the Commission will lose grant allocation points that could affect pipeline safety funding if it does not obtain full

intrastate safety authority over natural gas pipeline facilities. The Commission does not have safety authority over the following intrastate natural gas facilities: 1) private transmission pipelines 2) master-meter facilities other than mobile home parks 3) direct sales pipelines 4) municipal natural gas systems and 5) private gathering lines. To further this initiative, OPS currently has an Agreement with the Commission for the inspection of municipal natural gas systems. To have a complete pipeline safety program the Commission must initiate the necessary legislative action to assume safety authority over all intrastate pipelines.

3. As you are aware, excavation damage is the leading cause of pipeline and many other underground utility incidents. The OPS continued its efforts toward reducing damage to underground facilities over the past year by bringing together stake-holders from all phases of the excavation process to identify best practices for preventing excavation damage. The report, "Common Ground: Study of One-Call Systems and Damage Prevention Best Practices" is the culmination of the identified best practices of the stake-holders. We have provided the Commission with a copy of the report to promote the adoption of the identified best practices. I encourage the Commission to review the report and take legislative or other actions, as warranted, toward reducing excavation damage within the state.

Notwithstanding the staffing and jurisdictional concerns, Mr. Barrett reports that the pipeline safety program continues to progress. I commend the Commission for investigating excavation damage complaints and issuing Warnings Letters educating violators of the requirements of the State Damage Prevention Law. Additionally, I appreciate your continuing support of the National Association of Pipeline Safety Representatives (NAPSR). Mr. Mahendra Jhala continues to be a valuable participant in this important safety organization.

I would appreciate receiving your comments regarding the above items. Please respond within 45 days of your receipt of this letter to avoid the loss of performance points in next year's evaluation. If you have questions regarding pipeline safety matters, please do not hesitate to contact Mr. Barrett or me at (303) 231-5701. Thank you for the courtesies extended to Mr. Barrett by your staff and your continuing interest in the pipeline safety program.

Sincerely,



Chris Hoidal
Director

Letter to Michael R. Peevey from Chris Hoidal dated January 12, 2006



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

January 12, 2006

Mr. Michael R. Peevey
President
California Public Utilities Commission
505 Van Ness Avenue, Room 2201
San Francisco, CA 94102-3298

Dear Mr. Peevey:

On August 8-12, 2005, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety, evaluated the pipeline safety program conducted by the California Public Utilities Commission (CAPUC). During this on-site evaluation, he validated information submitted the performance of California's natural gas pipeline safety program as part of the CAPUC's annual Certification under Section 60105(a), Title 49, United States Code. Thank you for the courtesies extended to him by your staff.

Based on both the evaluation and the validation of the Certification information, it appears that the CAPUC is generally complying with the pipeline safety program requirements. It does, however, need to address some very programmatic deficiencies pertaining to the number of days spent on conducting pipeline inspections.

As a result of the program review, I would like to bring the following items to your attention:

1. We are waiting on the CAPUC's selection decision on the Program Manager Safety and Reliability Branch position created by the departure of Ms. Zee Wong earlier this year. We are hopeful that the CAPUC will select an individual with appropriate educational qualifications, pipeline experience, and training for a successful and smoother transition. Personnel qualifications are an essential part of the pipeline safety evaluation and program funding. This will be important as the CAPUC begins the integrity management program (IMP) inspections of intrastate gas transmission pipelines in California.

2. I am encouraged that the CAPUC continues to try to enforce violations of your damage prevention laws. I am confident that your efforts will eventually improve public safety.
3. The CAPUC safety efforts continue to be negatively impacted by the low number of on-site audits conducted by each federally-funded state inspector. These low number of on-site inspection days not only reduces public safety, but lowers the amount of federal funds allocated to your pipeline safety program.

I would appreciate your comments on the items listed above. Please respond within 45 days of your receipt of this letter to avoid the loss of performance points in next year's evaluation. Thank you for your continuing interest and cooperation in the pipeline safety program.

Sincerely,



Chris Hoidal
Pipeline and Hazardous Materials Safety Administration
Director, Western Region
Office of Pipeline Safety

cc: PHP-50
PHP-500 (T. Finch)

Letter to Raffy Stepanian from Thomas W. Finch dated January 12, 2006



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 12, 2006

Mr. Raffy Stepanian
Interim Program Manager
Safety and Reliability Branch
California Public Utilities Commission
505 Van Ness Avenue, Room 2201
San Francisco, CA 94102

Dear Mr. Stepanian:

On August 8-12, 2005, I evaluated the pipeline safety program conducted by the California Public Utilities Commission (CAPUC) from January 1 through December 31, 2004. During this on-site evaluation, I validated information submitted on the pipeline safety compliance program as part of the CAPUC's annual Certification under Section 60105(a), Title 49, United States Code. In addition, I observed field inspection activities of the CAPUC's inspectors at Pacific Gas & Electric in San Francisco. Thank you for the courtesies extended to me by your Staff.

Based on both the evaluation and the validation of Certification documents, I would like to bring the following items to your attention:

1. I discussed the implementation of Operator Qualification (OQ) inspections using federal OQ inspection protocols and the need to enter completed OQ inspections in Operator Qualification Database (OQDB) in a timely manner. Your Ms. Banu Acimis indicated that the CAPUC has inspected all of your major operators using federal OQ protocols and entered data in the OQDB. Please provide a status update of your remaining OQ inspections of small operators and associated data entries. We appreciate your cooperation in this important effort.
2. We have initiated discussions with each state program and sought information regarding how major threats/risks to pipelines are being addressed. I am interested in hearing from you the 3 highest pipeline risks you have identified in California and specific measures being taken to reduce these risks. I also would appreciate your thoughts on our providing you with a state pipeline safety program data analysis and how we could make it useful.

3. My review of your CY 2004 State Program Evaluation, Part A, Question A-13, indicated that the CAPUC makes on-going efforts to enroll new staff members of your gas safety program at TSI for required training in a timely manner, however we understand that newer inspectors are frequently "wait listed". I encourage that you maintain all pertinent documentation of your enrollment efforts with TSI.
4. My review of your CY 2004 State Program Evaluation, Part B, Question B-3, revealed that the CAPUC again did not inspect units in accordance with time intervals in your written procedures. However the CAPUC has improved to inspecting 14 % of the master meter operators per year. With an additional 6% of the master meter operators being inspected per year the CAPUC will achieve its goal of inspecting of 20% of your master meter operators per year.
5. My review of your CY 2004 State Program Evaluation, Part B, Question B-12, revealed that the CAPUC failed to achieve necessary inspection person days in CY 2004. The CAPUC charged 491 inspection person days of a possible 1056 person days total to the program by inspection staff, resulting in a ratio of only 0.31. The PHMSA requires a minimum 0.38 ratio to recent full grant funding. Please note that it is essential to perform the required level of inspections in order to minimize loss of points. I have suggested that the CAPUC monitor on a monthly basis the inspection person days by each state inspector, including those designated as "supervisors". I also suggested that you develop a method to track inspections completed, inspection time spent, and remaining inspections to meet your yearly goal. You must maintain supporting documentation in your files each year. We expect that the CAPUC will meet the minimum 0.38 ratio in future years.

I would appreciate your comments on the items listed above, including how you plan to resolve the issues noted in items 4 and 5, within 45 days of your receipt of this letter. Thank you for your continuing efforts to improve the CAPUC pipeline safety program and your cooperation concerning pipeline safety matters.

Sincerely,



Thomas W. Finch
Pipeline and Hazardous Materials Safety Administration
State Liaison, Western Region
Office of Pipeline Safety

Encl: 2004 Natural Gas Program Evaluation Document

cc: PHP-50
PHP-500 (T. Finch)

Letter to Thomas Finch from Raffy Stepanian dated February 24, 2006

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

February 24, 2006

Mr. Thomas Finch
Pipeline and Hazardous Materials Safety Administration
State Liaison, Western Region
Office of Pipeline Safety
12300 West Dakota Avenue, Suite 110
Lakewood, CO 80228

SUBJECT: 2004 Natural Gas Program Evaluation

Dear Mr. Finch:

The following is the Utilities Safety and Reliability Branch's (USRB) response to the five items noted in your January 12, 2006 letter detailing the findings of your evaluation of the CPUC's pipeline safety program:

Finch-1: *"I discussed the implementation of Operator Qualification (OQ) inspections using federal OQ inspections protocols and the need to enter completed OQ inspections in Operator Qualification Database (OQDB) in a timely manner. Your Ms. Banu Acimis indicated that the CAPUC has inspected all of your major operators using federal OQ protocols and entered data in the OQDB. Please provide a status update of your remaining OQ inspections of small operators and associated data entries. We appreciate your cooperation in this important effort."*

USRB Response-1: The USRB set a goal to complete all OQ Headquarters Inspections of all operators, defined as "utility" within the CPUC code, before December 17, 2005. These inspections were completed and the data entered into the database by the end of year 2005. Along with large operators, we continued performing OQ inspections of many small operators (MHP master-metered natural gas and propane); however, we were not entering the OQ related data into the OQ database. Due to the extremely large number of small operators in California, it was our hope that by working with representatives from Cycla, we would be able to develop a streamlined method by which we could do a "data dump" of the large number of small operator inspections we anticipated performing. Unfortunately, the development of this method proved to be much more involved than we had anticipated. Therefore, while we continue developing a more streamlined method, we have begun manually entering small operator OQ inspections that have been performed. By the end of February 2006, we hope to have approximately two hundred OQ inspections of small operators entered into the OQ database.

Finch-2: *"We have initiated discussions with each state program and sought information regarding how major threats/risks to pipelines are being addressed. I am interested in hearing from you the 2 highest risks you have identified in California and specific measures being taken to reduce these risks. I also would appreciate your thoughts on our providing you with pipeline safety program data analysis and how we could make it useful."*

USRB Response-2: The three highest risks to pipelines we have identified are third-party damage, seismic activity, and corrosion.

We are addressing the risk of third-party damage by participating in, and regularly attending meetings of, the California CGA. As a voting member of the California CGA, we are able to offer input on matters related to the safety of all underground facilities, including gas. Currently, California CGA is providing comments in hearings intended to result in legislation that may provide a more effective and defined enforcement of California's existing one-call law. The CGA is also continually seeking ways to provide more public awareness of the need to call one-call numbers prior to excavating.

Recently, we assisted the CPUC's Telecommunications Division in holding a workshop where representatives from California's telecommunication utilities and the California CGA met to discuss issues related to upcoming implementation of the three digit (811) one-call number. Finally, we continue to investigate incidents and, where warranted by our findings, require utilities to modify their operations and maintenance standards to correct deficiencies, or strengthen their standards, to reduce the possibility of similar incidents reoccurring.

The second risk to pipelines that we have identified, that of seismic activity, exists throughout California. Most transmission pipelines throughout California have been conditioned, or were originally designed, to mitigate risks due to known seismic faults in their vicinity. However, older steel distribution and cast iron piping which continues to be operated in many parts of PG&E's territory is of concern. This concern is continuing to be addressed through a long term program, which the CPUC initiated in 1987, designed to eliminate cast iron, and other low strength pipe, from areas with high population densities. This program has resulted in many miles of plastic pipe replacing lower strength pipe. PG&E has stated that the program should be completed by the end of 2014. The CPUC reviews this program through yearly reports provided by PG&E on the program's progress.

The third-risk that we have identified is that of corrosion. As you know, corrosion pitting can occur externally, internally, or due to atmospheric elements and although it cannot be completely arrested, it can be mitigated through proper measures. As part of audit activities, we continue to confirm that proper cathodic protection (CP) measures are applied where required by code, monitoring is performed to confirm the effectiveness of the CP measures, and timely actions continue to be taken to address deficiencies indicated by the monitoring.

A major example of a deficiency occurred in 2004 when we directed PG&E to modify its O&M standards related to atmospheric corrosion monitoring. Audits conducted in 2005 confirmed that PG&E modified its standards and began conducting atmospheric corrosion monitoring. The Integrity Management Program is also being used to confirm that corrosion deficiencies are being identified and corrected by all California transmission pipeline operators under the jurisdiction of the CPUC.

Finch-3: "My review of your CY2004 State Program Evaluation, Part A, Question A-13, indicated that the CAPUC makes on-going efforts to enroll new staff members of your gas safety program at TSI for required training in a timely manner, however we understand that newer inspectors are frequently "wait listed". I encourage that you maintain all pertinent documentation of your enrollment efforts with TSI."

USRB Response-3: We hope to increase the probability of having staff accepted to TSI courses by submitting the names of inspectors in need of courses early in the year soon as we learn the courses being offered. As you know, however, this will not guarantee acceptance of our staff into any given course. Therefore, as you suggested, we have begun documenting our attempts to enroll our staff into TSI courses. For each staff member we attempt to enroll, the documentation will include, at a minimum, the date we first submitted our request to TSI and any correspondence from TSI related to our submittal.

Finch-4: "My review of your CY 2004 State Program Evaluation, Part B, Question B-3, revealed that the CAPUC again did not inspect units in accordance with time intervals in your written procedures. However the CAPUC has improved to inspecting 14% of the master meter operators per year. With an additional 6% of the master meter operators being inspected per year the CAPUC will achieve its goal of inspecting of 20% of your master meter operators per year."

USRB Response-4: During the year 2005, our records indicate that we inspected at least 20% of our small operators. For the year 2006, we have scheduled 79 weeks for inspections of the small operators we regulate. At an average of 10 inspections per week, this amounts to 790 inspections in 2006. The 790 inspections also provide a contingency margin of about 22% over the minimum number of 648 inspections that we have to conduct in order to meet our once every five year (20%) inspection frequency. As discussed in response #5 below, we believe that by scheduling audits of small operators at the beginning of the year, and by simply adhering to this schedule and reviewing our audit progress on a quarterly basis, we should have little difficulty meeting our goal of auditing 20% of our small system operators.

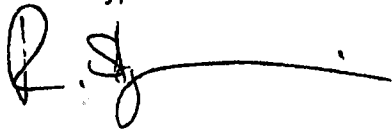
Finch-5: *"My review of your CY 2004 State Program Evaluation, Part B, Question B-12, revealed that the CAPUC failed to achieve necessary inspection person days in CY 2004. The CAPUC charged 491 inspection person days of a possible 1056 person days total to the program by inspection staff, resulting in a ratio of only 0.31. The PHMSA requires a minimum of 0.38 ratio to recent full grant funding. Please note that it is essential to perform the required level of inspections in order to minimize loss of points...We expect that the CAPUC will meet the minimum 0.38 ratio in future years."*

USRB Response-5: During recent years, we were unable to conduct enough audits of small operators and our field-inspection day ratio lagged accordingly. To correct this, during the year 2005 we accelerated our field activity inspections by increasing the number of small operator inspections we performed. Through this effort, we believe that during the year 2005 we met PHMSA's required minimum 0.38 ratio.

In order to make certain that the USRB continues to conduct enough field audits to meet or exceed a 0.38 ratio, we began year 2006 by scheduling 79 inspection weeks for small operator (master-metered operators and propane) in addition to our planned audits of the larger utilities we regulate. We believe that if we strictly adhere to our inspection schedule, and only deviate from the schedule in extreme cases (i.e., illness coupled with difficulty substituting inspectors), we should have little difficulty achieving a 0.38 ratio in year 2006. As you have suggested, throughout the year, and near the end of every quarter, we will be trending our progress and making any necessary scheduling changes in order to achieve, or exceed, the minimum 0.38 ratio required by PHMSA.

If you have any questions, please contact me at (213) 576-7019 or Sunil Shori at (415) 703-2407.

Sincerely,



Raffy Stepanian
Interim Program Manager
Utilities Safety and Reliability Branch
Consumer Protection and Safety Division

C: Mr. Sunil Shori