

PUBLIC UTILITIES COMMISSION

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April 30, 2009

Mr. Glen Carter, Director
Gas Engineering (GT&D)
Pacific Gas and Electric Company
375 N. Widget Lane, Suite 200
Walnut Creek, CA 94598

SUBJECT: Notice of Violations of General Order 112E – Audit of PG&E's OM&E Plan

Dear Mr. Carter:

The staff of the Utilities Safety and Reliability Branch (USRB) of the California Public Utilities Commission conducted a General Order 112-E safety audit of Pacific Gas & Electric Company's (PG&E) Operation, Maintenance, and Emergency (OM&E) Plan. The audit, which was conducted on March 2-5, 2009, consisted of a review of PG&E's gas distribution and transmission standards and guidelines which are the basis of, and support, its OM&E Plan. No field inspections were performed as a part of this audit.

During the audit, PG&E staff provided details on the broad effort PG&E has undertaken to meet compliance with 49 CFR, Part 192, Section 192.605. Through this effort, PG&E is utilizing subject matter experts (SMEs) to review its existing standards and guidelines in order to eliminate outdated standards and to re-label, or expand, others to include work procedures that support, and provide more details related to the standards. Based on findings from our previous OM&E audits of PG&E, we believe this effort was much needed and we look forward to seeing the end product during our next audit.

PG&E staff requested clarification from USRB regarding the frequency on which the USRB was expecting SMEs to review the individual standards to which any SME was assigned. The USRB believes that since Section 192.605 requires the OM&E Plan to be reviewed and updated each calendar year, and a frequency not exceeding 15 months, the individual standards, guidelines, work procedures that together form the OM&E will be expected to be reviewed on the same once per calendar year, not to exceed 15 months, basis. This is not to imply that work to revise a document could not cross from one calendar year into the next; however, a review must be performed within the frequency, specified herein, to confirm that procedures within existing documents are still valid and applicable to the work being performed under these documents.

Violations of GO 112-E, identified by USRB staff during the audit, are itemized within the Summary of Inspection Findings (Summary) enclosed with this letter. The Summary also contains any Areas of Concern identified during the audit.

By May 31, 2009, please provide a written response indicating the measures taken by PG&E to address the Violations and Areas of Concern noted in the Summary.

If you have any questions, please do not hesitate to contact me at (415) 703-2407.

Sincerely,



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

Enclosure: Summary of Inspection Findings

Electronic copy:

Redacted

PG&E
- PG&E

Ivan Garcia - CPSD/USRB
Steve Artus - CPSD/USRB
Terence Eng - CPSD/USRB

Summary of Audit Findings

Pacific Gas and Electric Company, OM&E Plan Audit
San Francisco, California
Audit date: March 2-5, 2009

AREAS OF VIOLATION:

- 1) **49 CFR, Part 192, Section 192.619 -- Maximum allowable operating pressure: Steel or plastic pipelines.**

Section 192.619 requires operators to establish an MAOP so that it is commensurate with the class location.

Our audit found PG&E needs to reference its form, "Establishing MAOP, exhibit A" within DCS/GTS Standard D-S0430, and require the form be used for its intended purpose.

- 2) **49 CFR, Part 192, Section 192.709 – Transmission lines: record keeping.**

Section 192.709(b) states: *"(b) The date, location, and description of each repair made to parts of the pipeline system other than pipe must be retained for at least 5 years. However, repairs generated by patrols, surveys, inspections, or tests required by subparts L and M of this part must be retained in accordance with paragraph (c) of this section.*

Our audit found that PG&E standards did not define the need to keep records for repairs to its facilities considered as "other than pipe."

- 3) **49 CFR Part 192, Sections 192.283 -- Plastic pipe: Qualifying joining procedures**

Sections 192.283 (a) and (b) both require that before any written procedure established under §192.273(b) is used for making plastic pipe joints, the procedure must be qualified by subjecting specimen joints made according to the procedure to various tests

Our audit found that PG&E standards do not have a procedure which addresses the requirements of Section 192.283 (a) and (b). Namely, although PG&E has conducted tests to qualify its joining procedures, there is no PG&E standard/procedure which explicitly requires that procedures be qualified through testing

AREAS OF CONCERN:

1) 49 CFR, Part 192, Section 192.627 Tapping pipelines under pressure.

Section 192.627 suggests that NDT testing be performed prior to tapping the pipe. Such testing is referenced in API RP 2201 as being a Best Practice. This item was discussed with PG&E staff during the audit. Apparently PG&E was not aware of the recommendation within API RP 2201. USB staff requested PG&E to review the recommendation, for possible inclusion within its operating practices, and let us know of its final determination concerning this recommendation.

2) PG&E did not have a written process for the review and processing of Advisory Bulletins Issued by regulatory agencies (i.e., PHMSA)

During our audit we found that PG&E did not have a formalized, written, procedure/process to assure that Advisory Bulletins issued by regulatory agencies are reviewed in a timely manner and that any actions or changes, necessitated by information contained therein, are also implemented in a timely manner.

We strongly suggest that PG&E implement a formal, written, process for reviewing advisory bulletins issued by regulatory agencies. The process should require the retention of records which allow for confirmation that timely reviews were performed, and prudent actions taken, to address the concerns raised in the advisory bulletins.

3) PG&E's Interim Quality Improvement (IQI) process to meet compliance with Section 192.605(b)(8)?

During the audit, we discussed PG&E's recently implemented IQI process intended to help PG&E comply with Section 192.605(b)(8). The process requires the supervisor to review one task monthly, and each employee quarterly, to

determine if the employee's work product complies with the company standards and meets company expectations. Although we have been provided details on this process through letters and discussions, we request that PG&E provide a copy of its final written standard that details: the IQI process, records required to be retained, and the location where all the various records will be kept.

4) Electronic access for USRB staff to PG&E Standards

During an October 30, 2008 meeting, USRB asked PG&E to provide an update on efforts to enable USRB inspectors to have read only electronic access to PG&E standards and guidelines. In its December 30, 2008 letter from Glen Carter, PG&E indicated that it was "...working with an outside vendor for creating, hosting, and maintaining a separate website (outside the PG&E server) that will be accessible to USRB staff. Bids are due this week. Assuming that we receive acceptable proposals from at least one outside vendor, we hope to have the new gas technical library website operational in early 2009."

We believe now, as we did then, that electronic access for USRB inspectors, to PG&E standards, would improve efficiencies for both PG&E and the USRB. In addition, electronic access will help reduce the need to use large amounts of paper to update voluminous hard copy manuals. Such a reduction is consistent with, and supportive of, CPUC policies to limit the use of resources, including paper. We would believe PG&E wants to be supportive of this policy, as well.

Since the early part of 2009 has generally elapsed, please provide us an update on PG&E's efforts to provide the USRB with electronic access to its standards, as it has requested. In the meantime, the USRB is requesting PG&E to supply two complete sets of copies of its most updated Emergency Plan Manual related to gas operations.