



Glen Carter
Senior Director, Gas Engineering
Gas Transmission and
Distribution

375 N. Wiget Lane, Suite 170
Walnut Creek, CA 94598

925-974-4231
Internal: 583-4231
Fax: 925-974-4220
Internet: GECj@pge.com

May 29, 2009

Mr. Sunil 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

Re: State of California – Public Utilities Commission
General Order 112-E Inspection – PG&E's OM&E Plan

Dear Mr. Shori:

The Utilities Safety and Reliability Branch (USRB) of the CPUC conducted a General Order 112-E inspection of PG&E's 2009 Operation, Maintenance and Emergency (OM&E) Plan, from March 3 through 5, 2009. The documents attached provide a detailed response to each of the inspection findings listed in your April 30, 2009, letter.

If you have any questions concerning this report, please contact Redacted.

Sincerely,

/S/
Glen Carter
Senior Director, Gas Engineering

Attachments

cc: Julian Ajello, California Public Utilities Commission
Raffy Stepanian, California Public Utilities Commission

**General Order 112-E Findings
CPUC Inspection Report dated April 30, 2009
OM&E Plan**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
March 3-5, 2009	AOV - 1	Sunil Shori	(415) 703-2407

INSPECTION FINDING

CPUC Finding	<p><u>49 CFR, Part 192, Section 192.619 -- Maximum allowable operating pressure: Steel or plastic pipelines.</u></p> <p>Section 192.619 requires operators to establish an MAOP so that it is commensurate with the class location.</p> <p>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.</p>
Location(s):	N/A

PG&E RESPONSE

<p>PG&E agrees with this finding.</p> <p>PG&E will revise its standard to require that GT&D employees document that they have followed the procedural steps set forth in "Exhibit A – Establishing MAOP" for establishing and maintaining Maximum Allowable Operating Pressures (MAOP) of transmission and distribution systems. In addition, this standard will mandate the use of "Exhibit A – Establishing MAOP".</p> <p>Per PG&E's requirement to annually review all of its operations and maintenance activities, this standard will be revised by October 15, 2009.</p>
--

ATTACHMENTS

Attachment #	Title or Subject
N/A	

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
Include reference to "Exhibit A" in upcoming revision to Standard S4125	10/15/2009		GE

Definitions: AOV – Area of Violation
AOC – Area of Concern

**General Order 112-E Findings
CPUC Inspection Report dated April 30, 2009
OM&E Plan**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
March 3-5, 2009	AOV - 2	Sunil Shori	(415) 703-2407

INSPECTION FINDING

CPUC Finding	<p><u>49 CFR, Part 192, Section 192.709 – Transmission lines: record keeping.</u></p> <p>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.</p> <p>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.”</p>
Location(s):	N/A

PG&E RESPONSE

<p>PG&E agrees with this finding.</p> <p>PG&E will develop a work procedure that lists the required record retention of repairs made to all components of transmission lines. This will allow the observer to use one document to reference all record retention requirements for transmission line repairs.</p> <p>This Work Procedure will be issued by December 31, 2009.</p>
--

ATTACHMENTS

Attachment #	Title or Subject
N/A	

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
Develop and issue a work procedure to list record retention requirements of all types of transmission line repairs	12/31/2009		GE

Definitions: AOV – Area of Violation
AOC – Area of Concern

**General Order 112-E Findings
CPUC Inspection Report dated April 30, 2009
OM&E Plan**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
March 3-5, 2009	AOV - 3	Sunil Shori	(415) 703-2407

INSPECTION FINDING

CPUC Finding	<p><u>49 CFR Part 192, Sections 192.283 -- Plastic pipe: Qualifying joining procedures</u></p> <p>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</p> <p>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.</p>
Location(s):	N/A

PG&E RESPONSE

<p>PG&E agrees with this finding.</p> <p>PG&E will issue Utility Standard S4170, Plastic Pipeline Design, Construction, Maintenance, and Operations Requirements by October 15, 2009, which will reference an Engineering Material Specification that follows the testing requirements for joining plastic pipe set forth in the Code.</p> <p>The Engineering Material Specification will also be issued by October 15, 2009.</p>

ATTACHMENTS

Attachment #	Title or Subject
N/A	

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
1) Issue Standard S4170, Plastic Pipeline Design, Construction, Maintenance, and Operations Requirements	10/15/2009		GE
2) Issue Engineering Material Specification for testing requirements for qualifying plastic joining procedures	10/15/2009		GE

Definitions: AOV – Area of Violation
AOC – Area of Concern

**General Order 112-E Findings
CPUC Inspection Report dated April 30, 2009
OM&E Plan**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
March 3-5, 2009	AOC - 1	Sunil Shori	(415) 703-2407

INSPECTION FINDING

CPUC Finding	<p><u>49 CFR, Part 192, Section 192.627 Tapping pipelines under pressure.</u></p> <p>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. USRB 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.</p>
Location(s):	N/A

PG&E RESPONSE

<p>After reviewing API RP 2201 (Fifth Edition, July 2003) for references to NDT (non-destructive testing), we note that Paragraph 10.3, "Inspecting the Weld", states: <i>"Visually inspect all attachment welds after welding and before attaching the hot tap machine. Dye penetrant, ultrasonic, or magnetic particle inspection is also recommended before the hot tapping machine is installed"</i>.</p> <p>PG&E has concluded that PG&E's Gas Standard & Specification (GS&S) A-52 already includes the requirement to inspect welds prior to attaching the hot tap machine. Specifically, GS&S A-52 includes a detailed hot tapping procedure which specifically requires that welds be inspected per GS&S D-40, and that any x-rays of the weld be reviewed and approved prior to continuing to the next step. In addition, GS&S D-40, "Weld Inspection", describes the requirements of visual inspections, and under which conditions magnetic-particle inspections are required.</p>
--

ATTACHMENTS

Attachment #	Title or Subject
1	GS&S A-52 Hot Tap Branch Connection Requirements
2	GS&S D-40 Weld Inspection

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
N/A			

Definitions: AOV – Area of Violation
AOC – Area of Concern

**General Order 112-E Findings
CPUC Inspection Report dated April 30, 2009
OM&E Plan**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
March 3-5, 2009	AOC - 2	Sunil Shori	(415) 703-2407

INSPECTION FINDING

CPUC Finding	<p><u>PG&E did not have a written process for the review and processing of Advisory Bulletins Issued by regulatory agencies (i.e., PHMSA)</u></p> <p>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.</p> <p>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.</p>
Location(s):	N/A

PG&E RESPONSE

<p>PG&E agrees with this concern.</p> <p>By December 15, 2009, PG&E will issue a Work Procedure to describe the process to be followed for reviewing advisory bulletins.</p> <p>In the interim, the Regulatory Support & Analysis group has distributed the attached document to the Gas Engineering Department providing guidance in managing Advisory Bulletins.</p>
--

ATTACHMENTS

Attachment #	Title or Subject
3	Work Procedure for Managing Pipeline Advisory Bulletins within Gas Engineering

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
Issue WP for managing Advisory Bulletins	12/15/2009		RS&A

Definitions: AOV – Area of Violation
AOC – Area of Concern

**General Order 112-E Findings
CPUC Inspection Report dated April 30, 2009
OM&E Plan**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
March 3-5, 2009	AOC - 3	Sunil Shori	(415) 703-2407

INSPECTION FINDING

CPUC Finding	<p><u>PG&E's Interim Quality Improvement (IQI) process to meet compliance with Section 192.605(b) (8).</u></p> <p>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.</p>
Location(s):	N/A

PG&E RESPONSE

Attached is a description of the IQI Process. It describes the process, records to be retained, and location of those records.
--

ATTACHMENTS

Attachment #	Title or Subject
4	Interim Quality Improvement Process

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
N/A			

Definitions: AOV – Area of Violation
AOC – Area of Concern

**General Order 112-E Findings
CPUC Inspection Report dated April 30, 2009
OM&E Plan**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
March 3-5, 2009	AOC - 4	Sunil Shori	(415) 703-2407

INSPECTION FINDING

CPUC Finding	<p>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."</p> <p>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.</p> <p>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.</p>
Location(s):	N/A

PG&E RESPONSE

<p>Regrettably, we have encountered considerable difficulties from IT and Corporate Security with granting USRB direct access to PG&E' network due to security issues. However, we are still planning on developing a website accessible to the USRB staff for the most up-to-date versions of PG&E standards. We expect to have this site operational no later than December 31, 2009.</p> <p>Two sets of PG&E's Gas Emergency Plan Manual are being mailed to you separately.</p>

ATTACHMENTS

Attachment #	Title or Subject
N/A	

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
PG&E Standards available on website	12/31/2009		GE

Definitions: AOV – Area of Violation
AOC – Area of Concern