

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



March 23, 2012

Honorable Jerry Hill  
California Assembly  
State Capitol  
PO Box 942849  
Sacramento, CA 94249-0019

Dear Assemblymember Hill:

Thank you for your February 13, 2012 letter regarding the testimony of [Redacted] and [Redacted] in Rulemaking 11-02-019. As you point out, these are serious allegations that call into question the quality of the massive hydrostatic testing process that Pacific Gas and Electric Company has undertaken. I am informed that the union that sponsored these witnesses may be withdrawing from the proceeding, but this does not affect our approach to following up on the claims.

Since receiving the testimony, the CPUC has been aggressively investigating to determine the validity of the claims and determine if any remedial course of action is needed. Our investigation has been multi-pronged.

First, we reached out to the individuals who submitted the testimony to interview them. Our goal was to identify specific locations where they made the observations set forth in their testimony and better understand the allegations. We have interviewed one of the witnesses and we've asked the union that represents these individuals to assist us in arranging further interviews and identifying additional individuals to interview.

Second, we have reviewed the radiographs of the welds in question and the independent radiographers' review and certification documentation. If we are able to identify other suspect locations based on additional interviews, we will perform similar review of those test results.

Third, in order to ground-truth what the documents and interviews are telling us we have directed PG&E to excavate selected segments from one of the projects performed in August 2011. Today, CPUC engineers are onsite examining four tie-in welds on [Redacted] inch pipe on Line [Redacted]. The protective coating surrounding the pipe is being sand-blasted away for evaluation of the tie-in welds and the pre-existing pipe where new pipe was tied in. The CPUC has selected an independent firm to perform new radiographs and evaluations during the excavations.

The full results of our investigation will be made public as soon as we're finished.

Assemblymember Jerry Hill

March 23, 2012

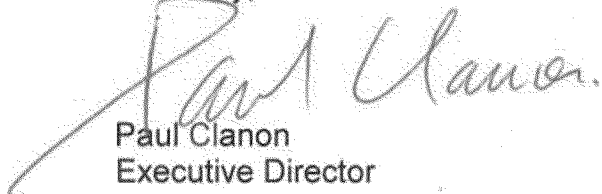
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Hydrostatic testing is one means for the pipeline operator to assess the quality of a pipeline, its features, and the welds. It cannot be viewed as the sole measure of safety. It must be combined with diligent upkeep of the system, the highest quality asset management system, and use of inline inspection tools. When some of these tools cannot be relied upon, then the pipe must be considered higher risk, and it must be reviewed more frequently or scheduled for replacement. The pipeline safety enhancement plans under review in the CPUC Gas Safety Rulemaking are designed to address all of these tools and ensure that they are used properly by the operators going forward.

During the 2011 tests, CPUC staff were present for a number of the PG&E hydrotests and Maximum Allowable Operating Pressure validation digs and supplemented that with extensive records documentation reviews in conjunction with PG&E's requests to increase pressure. The CPUC has engaged a consultant to assist in overseeing the hydrotests that occur in 2012 in order to increase our field presence and we'll be conducting more sampling and review of records from the 2011 tests to ensure that the methods employed during the testing and tie-in process assure safety.

As always, the CPUC is ready to provide additional information to you or your staff about any aspect of our gas safety activities. Please do not hesitate to contact our Consumer Protection and Safety Division Interim Director Michelle Cooke at 415 703 2349 or [mlc@cpuc.ca.gov](mailto:mlc@cpuc.ca.gov) if you have additional questions.

Sincerely,



Paul Clanon  
Executive Director

Cc: Commissioners  
Lynn Sadler, OGA Director  
Christopher Johns, President, PG&E  
Kent Kauss, Director of State Governmental Affairs, PG&E