



Frances Yee
Acting Director
Regulatory Compliance & Support
Gas Operations

375 N. Wiget Lane, Suite 200
Walnut Creek, CA 94598

925-974-4316
Fax: 925-974-4102
Internet: FSC2@pge.com

October 12, 2012

Mr. Mike Robertson
Gas Safety and Reliability Branch
Consumers Protection and Safety Division
California Public Utilities Commission
320 West 4th Street, Suite 500
Los Angeles, CA. 90013

Re: State of California – Public Utilities Commission
General Order 112-E Inspection – PG&E’s Milpitas District

Dear Mr. Robertson:

The Consumer Protection and Safety Division (CPSD), Gas Safety and Reliability Branch (GSRB) of the CPUC conducted a General Order 112-E inspection of PG&E’s Milpitas District, from May 23-26, 2011. The attached documents respond in detail to each of the inspection findings listed in your September 14, 2012 letter.

Please contact [Redacted] or [Redacted] for any additional questions you may have regarding this notification.

Sincerely,

/S/
Frances Yee

Attachments

cc: Aimee Cauguiran, CPUC
Julie Halligan, CPUC
Dennis Lee, CPUC
Sunil Shori, CPUC

[Redacted] PG&E
[Redacted] PG&E
Jane Yura, PG&E

**General Order 112-E Findings
CPUC Inspection Report, dated September 14, 2012
Milpitas District**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
May 23 – 26, 2011	AIR – 1	Aimee Cauguiran	(415) 703-2055

INSPECTION FINDING

CPUC Finding	<p>PG&E’s Internal Audit Findings</p> <p>Prior to start of the audit, PG&E provided CPSD the results of PG&E’s internal audit of the District’s records dated May 20, 2011. Some of PG&E’s internal audit findings are violations of PG&E’s operation and maintenance standards, and are therefore violations of Title 49 Code of Federal Regulations (CFR), §192.13(c). All the violations that PG&E identified are noted in Milpitas District Internal Review Summary Table. CPSD also identified violations of Title 49 CFR 192 in relations to PG&E’s internal audit findings.</p> <p>CPSD is aware that some of PG&E’s Internal Review findings have already been corrected or were in the process of being corrected at the time of the audit. Please provide CPSD with an update on items that had pending corrective actions as of May 26, 2011.</p> <p style="text-align: center;">PG&E Milpitas District Internal Review Summary Table</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Title 49 CFR</th> <th>Topics</th> <th>Number of Violations</th> <th>PG&E Have Remediated The Violation</th> <th>PG&E Have Not Remediated The Violation</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">192.13(c)</td> <td>Regulator Stations (9,12)</td> <td style="text-align: center;">8</td> <td style="text-align: center;">10/13/2010 (9) 5/18/2011 (12)</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">192.201</td> <td>Regulator Stations ()</td> <td style="text-align: center;">0</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">192.619 & 192.621</td> <td>Regulator Stations (8)</td> <td style="text-align: center;">2</td> <td style="text-align: center;">8/10/2010 (8)</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">192.201</td> <td>Relief Valve Calculations ()</td> <td style="text-align: center;">0</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">192.13(c)</td> <td>Relief Valve Calculations ()</td> <td style="text-align: center;">0</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: center;">192.743</td> <td>Relief Valve Calculations (3)</td> <td style="text-align: center;">0</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td style="text-align: center;">7</td> <td style="text-align: center;">192.13(c)</td> <td>Emergency Valves</td> <td style="text-align: center;">24</td> <td style="text-align: center;">9/24/2008, (1)</td> <td style="text-align: center;">n/a</td> </tr> </tbody> </table>		Title 49 CFR	Topics	Number of Violations	PG&E Have Remediated The Violation	PG&E Have Not Remediated The Violation	1	192.13(c)	Regulator Stations (9,12)	8	10/13/2010 (9) 5/18/2011 (12)	n/a	2	192.201	Regulator Stations ()	0	n/a	n/a	3	192.619 & 192.621	Regulator Stations (8)	2	8/10/2010 (8)	n/a	4	192.201	Relief Valve Calculations ()	0	n/a	n/a	5	192.13(c)	Relief Valve Calculations ()	0	n/a	n/a	6	192.743	Relief Valve Calculations (3)	0	n/a	n/a	7	192.13(c)	Emergency Valves	24	9/24/2008, (1)	n/a
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Definitions: NOV – Notice of Violation
 AOC – Area of Concern
 AIR- Additional Information Requested

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		(1,2,3,5)		3/18/2009, (2&3) 7/11/2010 (5)	
8	192.747	Emergency Valves (4,6,7,11)	16	6/22/2010 (4) 8/18/2010 (6) 12/23/2010 (7) 1/6/2010 (11)	n/a
9	192.13(c)	Instrument Calibrations (10)	3	5/19/2011 (10)	n/a
10	192.705	Pipeline Patrols (1)	1	(1)	n/a

PG&E RESPONSE

All corrective actions noted the Internal Review Summary had been completed at the time of this May 2011 audit. (See Attachment 1)

In October 2011, the Gas Transmission Area Superintendent conducted an assessment of the corrective actions taken and confirmed that they have been effective to prevent recurrence.

Note: Item 10 of the table above, Pipeline Patrols, was not identified in the Internal Review Summary.

ATTACHMENTS

Attachment #	Title or Subject
1	Milpitas District Internal Review Summary

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
None			

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INSPECTION INFORMATION

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May 23 - 26, 2011	NOV – 1	Aimee Cauquiran	(415) 703-2055

INSPECTION FINDING

CPUC Finding	<p>Title 49 CFR, §192.481 Atmospheric corrosion control: Monitoring states in part:</p> <p><i>“If atmospheric corrosion is found during an inspection, the operator must provide protection against the corrosion as required by §192.479.”</i></p> <p>CPSD noted the following deficiencies recorded in the Regulator Station records in the section “General Station Condition Issues”:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><u>Regulator Station</u></td> <td style="width: 50%;"><u>Piping Atmospheric Corrosion</u></td> </tr> <tr> <td>Martin Station, Daly City</td> <td>Surface Rust, Needs some attention</td> </tr> <tr> <td>Sullivan Ave, Daly City</td> <td>Lots of Atmospheric Corrosion</td> </tr> </table> <p>CPSD verified these conditions during the field portion of the audit. Therefore, the District was in violation of 49 CFR, §192.481 for not taking corrective action to control the atmospheric corrosion at the regulator stations. Please advise CPSD on the status of the atmospheric corrosion found at these regulator stations.</p>	<u>Regulator Station</u>	<u>Piping Atmospheric Corrosion</u>	Martin Station, Daly City	Surface Rust, Needs some attention	Sullivan Ave, Daly City	Lots of Atmospheric Corrosion
<u>Regulator Station</u>	<u>Piping Atmospheric Corrosion</u>						
Martin Station, Daly City	Surface Rust, Needs some attention						
Sullivan Ave, Daly City	Lots of Atmospheric Corrosion						

PG&E RESPONSE

PG&E agrees with this finding.	<p>Although atmospheric corrosion at both of these stations was determined not to require immediate corrective action, PG&E did not initiate its corrective action process for atmospheric corrosion remediation and document what, if any, corrective action was needed. The Milpitas District Supervisor was not aware of the comments made in the station maintenance records and therefore did not initiate the corrective action process. That process includes a corrective notification to the Corrosion Engineering Department and a system-wide collaborative prioritization involving Corrosion Engineering, District M&C, and General Construction Paint Department to schedule coating of above-ground piping.</p> <p>Both Martin Station and Sullivan Station are undergoing complete station rebuilds at this time. General Construction Paint Department is scheduled to complete coating of the new station piping by November 30, 2012.</p>
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None	

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
Rebuild Martin & Sullivan Stations	January 1, 2013		Project Engineering & Design

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