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October 8, 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 Sierra Division

Dear Mr. Robertson:

The Gas Safety and Reliability Branch (GSRB) of the CPUC conducted a General Order 112-E inspection of PG&E’s Sierra Division, from April 25-29, 2011. The attached documents respond in detail to each of the inspection findings listed in your September 7, 2012 letter.

PG&E is providing this response pursuant to Public Utilities Code §583 because this response and/or the attached documents contain information that should remain confidential and not be subject to public disclosure. In particular, this response is confidential because it contains:

- Personal information pertaining to PG&E employees below director level, such as their names or other individual information such as LAN IDs, phone numbers, and work locations, and

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

Sincerely,

/S/

Frances Yee

Attachments

**General Order 112-E Findings
CPUC Inspection Report, dated September 7, 2012
Sierra Division**

cc: Dennis Lee, CPUC
Paul Penney, CPUC
Sunil Shori, CPUC

Redacted

Jane Yura, PG&E

Definitions: NOV – Notice of Violation
 AOC – Area of Concern
 AIR- Additional Information Requested

**General Order 112-E Findings
CPUC Inspection Report, dated September 7, 2012
Sierra Division**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
April 25 – 29, 2011	AIR – 1	Paul Penney	(415) 703-1817

INSPECTION FINDING

CPUC Finding	<p>PG&E Internal Audit Findings</p> <p>Prior to start of the audit, PG&E provided CPSD with its internal audit findings from the Division, dated April 22, 2011. Many of these internal audit findings are violations of PG&E’s own standards, and are therefore violations of Title 49 Code of Federal Regulations (CFR), §192.13(c). All of the violations PG&E found are noted in the PG&E Sierra Division Internal Review Summary Table. CPSD also identified violations of Title 49 CFR, Part 192.</p> <p style="text-align: center;">PG&E Sierra Division Internal Review Summary Table</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Item</th> <th>Title 49 CFR Part 192</th> <th>Topic/ Finding</th> <th>Number of Violations</th> <th>Number of Violations Corrected</th> <th>Number of Pending Violations</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>192.723(b)(2)</td> <td>Leak Survey - Distribution (1)</td> <td>?</td> <td>All</td> <td>0</td> </tr> <tr> <td>2</td> <td>192.723(b)(1) and 192.723(b)(2)</td> <td>Leak Survey – Distribution (2)</td> <td>2</td> <td>2</td> <td>0</td> </tr> <tr> <td>3</td> <td>192.723(b)(2)</td> <td>Leak Survey – Distribution (3)</td> <td>7</td> <td>7</td> <td>0</td> </tr> <tr> <td>4</td> <td>TD-4110P-09</td> <td>Leak Survey – Transmission (1)</td> <td>5</td> <td>5</td> <td>0</td> </tr> <tr> <td>5</td> <td>192.13(c)</td> <td>District Regulator Stations – Distribution (1)</td> <td>1</td> <td>1</td> <td>0</td> </tr> <tr> <td>6</td> <td>192.13(c)</td> <td>District Regulator Stations – Distribution (3)</td> <td>3</td> <td>3</td> <td>0</td> </tr> <tr> <td>7</td> <td>192.747(a)</td> <td>Emergency Valves - Distribution (1)</td> <td>5</td> <td>5</td> <td>0</td> </tr> <tr> <td>8</td> <td>192.13(c)</td> <td>Valves - Transmission (1)</td> <td>7</td> <td>7</td> <td>0</td> </tr> <tr> <td>9</td> <td>192.13(c)</td> <td>Valves – Transmission (2)</td> <td>1</td> <td>1</td> <td>0</td> </tr> </tbody> </table>					Item	Title 49 CFR Part 192	Topic/ Finding	Number of Violations	Number of Violations Corrected	Number of Pending Violations	1	192.723(b)(2)	Leak Survey - Distribution (1)	?	All	0	2	192.723(b)(1) and 192.723(b)(2)	Leak Survey – Distribution (2)	2	2	0	3	192.723(b)(2)	Leak Survey – Distribution (3)	7	7	0	4	TD-4110P-09	Leak Survey – Transmission (1)	5	5	0	5	192.13(c)	District Regulator Stations – Distribution (1)	1	1	0	6	192.13(c)	District Regulator Stations – Distribution (3)	3	3	0	7	192.747(a)	Emergency Valves - Distribution (1)	5	5	0	8	192.13(c)	Valves - Transmission (1)	7	7	0	9	192.13(c)	Valves – Transmission (2)	1	1	0
Item	Title 49 CFR Part 192	Topic/ Finding	Number of Violations	Number of Violations Corrected	Number of Pending Violations																																																												
1	192.723(b)(2)	Leak Survey - Distribution (1)	?	All	0																																																												
2	192.723(b)(1) and 192.723(b)(2)	Leak Survey – Distribution (2)	2	2	0																																																												
3	192.723(b)(2)	Leak Survey – Distribution (3)	7	7	0																																																												
4	TD-4110P-09	Leak Survey – Transmission (1)	5	5	0																																																												
5	192.13(c)	District Regulator Stations – Distribution (1)	1	1	0																																																												
6	192.13(c)	District Regulator Stations – Distribution (3)	3	3	0																																																												
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10	192.13(c)	Corrosion Control (1-7)	0	0	0
11	192.13(c)	CGI Calibrations (1)	5	5	0
12	192.13(c)	HFI, RMLD, OMD Calibrations	0	0	0
13	192.13(c)	Instrument Calibrations (1)	0	0	0
14	192.13(c)	Leak Repairs (1)	9	9	0
15	192.13(c)	Leak Repairs (2)	1	1	0
16	192.13(c)	Leak Repairs (3)	2	2	0
17	192.13(c)	Leak Repairs (4)	4	4	0
18	192.13(c)	Leak Repairs (5)	4	4	0
19	192.13(c)	Leak Repairs (6)	3	3	0
20	192.13(c)	Leak Repairs (7)	1	1	0
21	192.13(c)	Leak Repairs (8)	4	4	0
22	192.13(c)	Leak Repairs (9)	5	5	0
23	192.13(c)	Leak Repairs (10)	1	1	0
24	192.705	Patrolling(1)	1	1	0
25	192.705	Patrolling(2)	6	6	0

Please advise CPSD on the following Items that are within the Sierra Division Internal Review Summary Table:

Item 4: Leak Survey – Transmission: PG&E identified five leaks that were not entered into Integrated Gas Information System (IGIS) at the time they were found. The leak numbers were 09-00490, 10-00070, 10-00073, 10-00074 and 10-00071. Were any of these leaks repaired late as a result of the delay in entering them into IGIS?

Item 7: Emergency Valves – Distribution: After the deactivation of the two regulator stations, what function are the valves serving (i.e., emergency isolation zone valves)?

Item 10: Corrosion Control: The findings for PG&E’s internal review include seven categories with no findings in each category. PG&E did not list the isolated sections of pipeline that are bonded to the CPAs and

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	<p>inspected on a yearly basis as one of these categories. Does the Division have sections of pipeline of this type in its system? If so, did the Division inspect these sections of pipeline for cathodic protection on a yearly basis and what were the findings?</p> <p>Item 13: Instrument Calibrations: This item was reviewed by PG&E and there were no findings. CPSD is uncertain as to which instruments were included in this review. PG&E's internal audit identified that 140 records were reviewed. Please describe the instruments the PG&E reviewed.</p> <p>Items 14-23: Leak Repairs, Findings 1-10: What percentage of records did the Division sample during its review?</p>
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PG&E RESPONSE

Item 4: None of the leaks were repaired late. Leak 09-00490 was found as a Grade 3 and rechecked as a Grade 0; leak 10-00070 was found as a Grade 3 and remains a Grade 3; leak 10-00073 was found as a Grade 3 and rechecked as a Grade 0; leak 10-00074 was found as a Grade 2 and rechecked as a Grade 0; leak 10-00071 was found as a Grade 3 and rechecked as a Grade 0.

Item 7: The valves are maintained annually as emergency shutdown zone valves.

Item 10: PG&E's internal review verified that 68 "yearly" P/S monitoring points were read annually as required per Gas Standard O-16. These "yearly" reads were in compliance.

Item 13: The Instrument Calibration review included portable pressure gauges (analog and digital), portable pressure recorders, and calibration test instruments.

Items 14-23: The 98 leak repairs for 2009 represented 20.5% of the 478 total below-ground leak repairs. The 263 leak repairs for 2010 represented 100% of the total below-ground leak repairs. The only above-ground leak repairs reviewed were those identified by the IGIS Leak Performance Detail Report as being late.

Item 15: The one finding (leak 09-00151) was removed from the PG&E Sierra Division Internal Review Summary Table. Refer to Attachment 1 for the updated Statistical Report and Attachment 2 for the updated Internal Review Summary, which were provided to the auditor on April 27, 2011. Sierra Division's Field Service Supervisor provided the Gas Service Representative's Field Order notes and interviewed him, confirming that his actions on August 14, 2009 complied with Gas Information Bulletin (GIB) 290, "Outside Leak Investigation." Upon updating the A-form "reported" and "response" dates with the corrected facts, IGIS now reports leak 09-00151 as responded on time. Refer to Attachment 3 for a copy of the corrected A-form.

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ATTACHMENTS

Attachment #	Title or Subject
1	Updated Sierra Division Statistical Report
2	Updated Sierra Division Internal Review Summary
3	A-form for leak 09-00151

ACTION REQUIRED

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

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April 25 - 29, 2011	NOV – 1	Paul Penney	(415) 703-1817

INSPECTION FINDING

CPUC Finding	<p>Title 49 CFR §192.803 states: <i>“Qualified means that an individual has been evaluated and can: a) Perform assigned covered tasks; and b) Recognize and react to abnormal operating conditions.”</i></p> <p>CPSD reviewed the Division’s leak repair records and noted on Form A, for Leak Number 09-93680, that the individual who repaired the leak was not qualified at the time the repair was made. On November 24, 2009, the repair was made with a mechanical repair fitting. The qualification record for [Redacted], for mechanical repairs, showed that this individual was initially qualified on August 26, 2010, which was after the repair took place. Therefore, the Division was in violation of Title 49 CFR §192.803.</p> <p>Please advise CPSD on the actions the Division engaged in to prevent this violation from recurring and to ensure that the pipeline repair that was conducted on November 24, 2009, for Leak Number 09-93680, was done properly.</p>
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PG&E RESPONSE

<p>The repair for leak 09-93680 was actually performed by [Redacted], who was operator-qualified (OQ) for mechanical repairs at the time of the November 24, 2009 repair. Refer to Attachment 4 for [Redacted] OQ Transcripts and his timecard for November 24, 2009. [Redacted] [Redacted] were documented in the General Inspection Data section of the A-form. Employee “GSL7” assisted in the repair and was under [Redacted] supervision. Refer to Attachment 5 for the corrected initials under the Repair Data section of the A-form. PG&E also provided this supporting documentation to the CPUC auditor on April 28, 2011.</p>
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ATTACHMENTS

Attachment #	Title or Subject
4	Operator Qualification Record and timecard
5	A-form for leak 09-93680

ACTION REQUIRED

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

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April 25 - 29, 2011	AOC – 1	Paul Penney	(415) 703-1817

INSPECTION FINDING

Field Review	<p>The following locations had pipe-to-soil reads that did not meet the -850 mV criteria.</p> <p>Redacted was -803 mV. Redacted was -804 mV. Redacted was -813 mV. Redacted was -844 mV. Redacted: This location could not be located.</p> <p>Please provide an update when the Division restored cathodic protection at each location to the proper levels. Please also explain why Redacted could not be located.</p>
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PG&E RESPONSE

<p>Redacted was -803 mV</p> <p>The CPA was restored on May 23 2011 as indicated by the -869 mV pipe-to-soil reading. Refer to Attachment 6 for the 2011 Cathodic Protection Maintenance Report for CP System 15-S-001A.</p> <p>Redacted was -804 mV</p> <p>The Corrosion Mechanic returned on May 25, 2011 and read -1020 mV. As a follow-up, the Corrosion Mechanic read -983 mV on September 10, 2012. Refer to Attachment 7 for P/S readings.</p> <p>Redacted was -813 mV</p> <p>The Corrosion Mechanic installed a driveable anode and read -1636 mV on May 25, 2011. As a follow-up, the Corrosion Mechanic read -1221 mV on September 10, 2012. Refer to Attachment 8 for the documented work ticket.</p> <p>Redacted was -844 mV</p> <p>The Corrosion Mechanic returned on May 25, 2011 and read -889 mV. As a follow-up, the Corrosion Mechanic returned on September 10, 2012 and found the location “down”. He installed a driveable anode and read -1221 mV on September 10, 2012. Refer to Attachment 7 for P/S readings.</p>

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Redacted

This service was actually cutoff in 2004 and the building demolished. The reading in 2009 was performed by a new Corrosion Mechanic, who admitted that he had inadvertently read the service in the adjacent parcel. This location has been removed from the 10%er list.

ATTACHMENTS

Attachment #	Title or Subject
6	2011 CP Maintenance Report for CP System 15-S-001A
7	P/S Readings for 10%er Locations
8	Work Ticket for Redacted

ACTION REQUIRED

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

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INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
April 25 - 29, 2011	AOC – 2	Paul Penney	(415) 703-1817

INSPECTION FINDING

Field Review	CPSD observed the Division perform a rectifier inspection at rectifier CPS#85 at [Redacted]. During the inspection, the Division used PG&E’s “Rectifier Test and Site Evaluation Form”. CPSD noted that while the Division was performing step 3 of the Form, there was apparently no continuity between the AC disconnect and the DC riser. Please update us on the resolution of this issue.
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PG&E RESPONSE

The Corrosion Mechanic returned on May 25, 2011 and confirmed continuity existed between the AC disconnect and the DC riser, so no action was required. This rectifier was last inspected and maintained on March 27, 2012, and continuity still exists. Refer to Attachment 9 for the Rectifier Test and Site Evaluation Form for Rectifier #120085.

ATTACHMENTS

Attachment #	Title or Subject
9	Rectifier Test and Site Evaluation Form: Rectifier 120085

ACTION REQUIRED

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

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