



Public Utilities Commission
STATE OF CALIFORNIA

Citation Date: December 5, 2013
Citation #: 13 - 005
Operator ID#: 15007

SED Investigation Report

August 29, 2012 PG&E OM&E Audit Finding - Notice of Violation
The Utility has No Specific Written Procedure Addressing Continuing Surveillance as
Required by 49 CFR 192.605(e) and 192.613

Utility: Pacific Gas & Electric Company (PG&E)

Utility Operating Unit: Pacific Gas and Electric Company's (PG&E) Gas Business Unit

Subject of Report: Audit Finding - Utility has no Continuing Surveillance Procedure as required by law.

Audit Title: General Order 112-E Audit of PG&E's Operations, Maintenance and Emergency (OM&E) Plans

Date of Audit: February 14-17, 2012

SED Investigator: Charles Magee

Summary:

49 CFR §192.605(e) and §192.613 Continuing Surveillance

"(a) Each operator shall have a procedure for continuing surveillance of its facilities to determine and take appropriate action concerning changes in class location, failures, leakage history, corrosion, substantial changes in cathodic protection requirements, and other unusual operating and maintenance conditions."

The GSRB audit finding stated, "PG&E currently does not have a specific written procedure addressing Continuing Surveillance. PG&E has certain standards and work procedures such as patrolling, class location study, leak survey, cathodic protection monitoring, and cathodic protection area resurvey. These specific procedures describe PG&E's performance of the various operations and maintenance tasks, but it remains unclear how or whether the various tasks relate to PG&E's continuing surveillance efforts."

"PG&E must clearly describe how it uses and coordinates the various operations and maintenance tasks in its continuing surveillance. PG&E's written procedure should describe how findings from failure investigations, leak surveys, cathodic protection monitoring, and

Enclosure 1



Public Utilities Commission

STATE OF CALIFORNIA

Citation Date: December 5, 2013
Citation #: 13 - 005
Operator ID#: 15007

other operating and maintenance tasks are gathered and analyzed as a part of its continuing surveillance. The written procedure must also describe the actions to take if changes are found as a result of its data gathering and analysis.”

Findings:

The staff of the Safety and Enforcement Division (SED), Gas Safety and Reliability Branch (GSRB) conducted a General Order 112-E audit of Pacific Gas and Electric Company's (PG&E) Operations, Maintenance, and Emergency Plans (OM&E) from February 14-17, 2012. Also in attendance were a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA) and staff from SED's Risk Assessment Unit. The audit consisted of a review of PG&E's gas distribution and transmission standards, work procedures, bulletins, job aids, etc. which constitutes PG&E's OM&E Plan. No field inspection was performed as a part of this audit.

On August 29th, 2012, SED staff notified PG&E of its audit findings, consisting of 4 Violations of the Code of Federal Regulations and 7 Areas of Concern (Enclosure 2). Of the 4 violations, the first 3 are considered administrative in nature. A Warning Letter will be sent to PG&E to correct those violations. Violation #4 however, the lack of a procedure for continuing surveillance, in violation of 49 CFR §192.605(e) and §192.613, is considered a serious violation having public safety implications. A Continuing Surveillance Procedure has been a requirement of these sections of the CFR since 1971.

On October 10th, 2012 PG&E responded to the SED audit report, agreeing with the finding of Violation #4. PG&E stated “PG&E agrees with this finding and will publish a specific work procedure to address the Company's continuing surveillance of its gas facilities as required by §192.613.” (Enclosure 3)

On June 12, 2013, PG&E issued procedure TD-4800S, titled, “Continuing Surveillance” (Enclosure 4).

Recommendations:

It is imperative that PG&E operate its gas systems in compliance with GO 112-E and in a manner that promotes and safeguards the health and safety of the public. Safety-Related work must be tightly controlled by procedures. Changes in class location and indications of failures, leakage, corrosion, substantial changes in cathodic protection requirements and other unusual operating and maintenance conditions are serious threats to the integrity of the piping system and therefore serious threats to the safety of the public. From the time a potential problem is identified there must be an

Enclosure 1



Public Utilities Commission STATE OF CALIFORNIA

Citation Date: December 5, 2013

Citation #: 13 - 005

Operator ID#: 15007

unbroken chain of custody from identification through problem assessment and resolution to completion of corrective action, if corrective action is required. The utility worker's determination of the next step to take after he/she has identified a potential problem must not be dependent on their level of experience, memory, co-worker's knowledge (a.k.a. tribal knowledge), etc. It must be clearly determined by procedure so that problems are identified and corrected thoroughly and in a timely manner. In addition, workers must receive training to make them aware of the existence of the Continuing Surveillance Procedure and how to use it.

The NTSB report on the San Bruno explosion and the SED Class Location OII contain numerous examples of weld cracks, problems and surveillance deficiencies which were not correctly identified, assessed and corrected, possibly due to the lack of a Continuing Surveillance Procedure and adequate employee training. In addition, this violation has the potential to affect infrastructure anywhere in the gas system so the probability of a negative consequence is greatly increased.¹

Furthermore, this violation is an indication that, two years after the San Bruno explosion, PG&E still did not have an internal auditing process to determine if gas system procedures and instructions are in compliance with the Code of Federal Regulations. Instead, this violation was found by CPUC auditors.

Based on its investigation SED has determined this violation as a Risk Level 3 (moderate risk) resulting in a financial penalty of \$ 375,000.

¹ See I.11-11-009.