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December 6, 2013

Mr. Mike Robertson
Gas Safety and Reliability Branch
Safety and Enforcement 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 Gas Audit – PG&E’s Fresno Division

Dear Mr. Robertson:

The Safety and Enforcement Division (SED) conducted a General Order 112-E audit of PG&E’s Fresno Division from April 23-27, 2012. On October 10, 2013, the SED submitted its audit report, identifying violations and findings. Attached is PG&E’s response to the CPUC audit report.

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

Sincerely,

/S/

Frances Yee

Attachments

cc: Aimee Cauguiran, CPUC
Dennis Lee, CPUC
Liza Malashenko, CPUC
Quang Pham, CPUC

Jane Yura, PG&E

Redacted

**General Order 112-E Findings
CPUC Inspection Report October 10, 2013
Fresno Division**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
April 23-27, 2012	Internal Review	Quang Pham	(415) 703-4763

INSPECTION FINDING

CPUC Finding	<p>A. PG&E's Internal Audit Findings</p> <p>Prior to the start of the audit, PG&E provided SED its findings from the internal review it conducted of the Division. Some of PG&E's internal review findings are violations of PG&E's operations and maintenance standards, and are therefore violations of Title 49 Code of Federal Regulations (CFR), §192.13(c). SED is aware that PG&E corrected all of its findings prior to SED's audit. Table 1 lists all of the violations that PG&E noted.</p> <p>Table 1: Findings from PG&E's Internal Review</p> <table border="1"> <thead> <tr> <th>Topic</th> <th>Code</th> <th>Finding</th> <th>Instances</th> </tr> </thead> <tbody> <tr> <td>Emergency Valves</td> <td>192.13(c)</td> <td>Information of valve maintenance forms and/or sketches do not match</td> <td>65</td> </tr> <tr> <td rowspan="3">Cathodic Protection</td> <td>192.465(a)</td> <td>Short sections of steel pipe not checked for cathodic protection within 10 calendar year</td> <td>28</td> </tr> <tr> <td>192.13(c)</td> <td>Missing cathodic protection review stamp on drawings</td> <td>4</td> </tr> <tr> <td>192.13(c)</td> <td>Yearly P/S monitoring not established where protected by wire</td> <td>5</td> </tr> <tr> <td>MAOP</td> <td>192.13(c)</td> <td>Inadequate MAOP documentation</td> <td>5</td> </tr> <tr> <td>Leak Repair</td> <td>192.13(c)</td> <td>Inadequate pressure test documentation on leak repair forms</td> <td>7</td> </tr> <tr> <td>Patrolling</td> <td>192.13(c)</td> <td>Missing patrol plan in the Pipeline Patrol binder</td> <td>1</td> </tr> <tr> <td rowspan="3">Emergency Zones Manual</td> <td>192.13(c)</td> <td>Missing information on maps/data sheet</td> <td>15</td> </tr> <tr> <td>192.13(c)</td> <td>Low pressure area not shown as separate zone</td> <td>3</td> </tr> <tr> <td>192.13(c)</td> <td>Shutdown zone maps missing/inaccurate</td> <td>9</td> </tr> <tr> <td>Deactivation Records</td> <td>192.13(c)</td> <td>Status of deactivated facilities not maintained per procedures</td> <td>2</td> </tr> </tbody> </table>			Topic	Code	Finding	Instances	Emergency Valves	192.13(c)	Information of valve maintenance forms and/or sketches do not match	65	Cathodic Protection	192.465(a)	Short sections of steel pipe not checked for cathodic protection within 10 calendar year	28	192.13(c)	Missing cathodic protection review stamp on drawings	4	192.13(c)	Yearly P/S monitoring not established where protected by wire	5	MAOP	192.13(c)	Inadequate MAOP documentation	5	Leak Repair	192.13(c)	Inadequate pressure test documentation on leak repair forms	7	Patrolling	192.13(c)	Missing patrol plan in the Pipeline Patrol binder	1	Emergency Zones Manual	192.13(c)	Missing information on maps/data sheet	15	192.13(c)	Low pressure area not shown as separate zone	3	192.13(c)	Shutdown zone maps missing/inaccurate	9	Deactivation Records	192.13(c)	Status of deactivated facilities not maintained per procedures	2
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Definitions: NOV – Notice of Violation
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CPUC Inspection Report October 10, 2013
Fresno Division**

PG&E RESPONSE

As noted above, PG&E has taken corrective actions prior to the April 2012 audit for all the findings listed in PG&E's Internal Review.
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ATTACHMENTS

Attachment #	Title or Subject
None	

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
No further action required.			

Definitions: NOV – Notice of Violation
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**General Order 112-E Findings
CPUC Inspection Report October 10, 2013
Fresno Division**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
April 23-27, 2012	NOV-1	Quang Pham	(415) 703-4763

INSPECTION FINDING

CPUC Finding	<p>B. Areas of Violation</p> <p><u>Title 49 CFR §192.465(d) states:</u></p> <p><i>“Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.”</i></p> <p>SED reviewed the Division’s corrosion control records and found that the Division’s timeframe for remediation on the following Cathodic Protection Areas (CPA) was inadequate.</p> <ol style="list-style-type: none"> 1. CPA 3993-04A: Down since 1/18/2011 which extends beyond 15 months. 2. CPA 3993-01: Down from 08/12/2010 through 10/07/2011 for a period of 14 months. 3. CPA 3867-01: Down from 06/04/10 and as of this audit, the CPA was not restored; a period extending beyond 26 months.
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PG&E RESPONSE

PG&E agrees with this finding for CP Area 3993-04A and 3867-01. These two CP Areas were without adequate levels of cathodic protection for an extended period of time because of the failure of a deep well anode. PG&E disagrees with CP Area 3993-01 being a violation with §192.465(d). PHMSA’s May 19, 1989 interpretation of what constitutes “prompt remedial action” per 192.465(d) is generally expected to be completed by the time of the next scheduled monitoring (not to exceed 15 months per 192.465(a)). The history of these three CP Areas is as follows:

CP Area	First Read “Down”	Date CP Area Restored	# of Months “Down”
3993-04A	1/18/2011	11/15/2012	22
3993-01	8/12/2010	10/7/2011	14
3867-01	6/4/2010	6/23/2012	24

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Please see Attachments A and B for documentation on the restoration of the two CP Areas that was completed after the time of this audit.

PG&E has not adequately established in Gas Standard O-16 what is prompt remedial action to correct any deficiencies indicated by the cathodic protection monitoring. In 2014, the Integrity Management/Corrosion Engineering Department will be implementing significant changes in corrosion control processes and procedures. Included in these significant changes will be a specific timeframe defining prompt remedial action to be within 15 months, a process to monitor the performance and life expectancy of sacrificial anodes, an accelerated anode replacement program, and a process to streamline the engineering, permit application, and construction scheduling of deep well anodes. (PG&E responded to a similar finding in its October 7, 2013 North Bay Division audit response.)

ATTACHMENTS

Attachment #	Title or Subject
A	CPA 3993-04A Documentation
B	CPA 3867-01 Documentation

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
Rollout Process and Procedure changes to the Corrosion Control program	December 2014		Corrosion Engineering

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Fresno Division**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
April 23-27, 2012	AOC-1	Quang Pham	(415) 703-4763

INSPECTION FINDING

CPUC Finding	<p>C. Field Review and Areas of Concern/Recommendations</p> <p>1. SED reviewed the Division’s corrosion control records and conducted field verifications and determine that its Isolated Risers 10% forms were incorrect. At the locations listed in Table 2, SED found that the risers were anodeless risers and should not be included as part of the Division’s cathodic protection maintenance activities. Furthermore, the Division recorded pipe-to-soil (P/S) readings at these locations during its maintenance cycle in 2012 that indicated otherwise. SED recommends the Division update their Isolated Risers list to prevent confusion.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Address</th> <th>Readings</th> <th>Date of Readings</th> </tr> </thead> <tbody> <tr> <td>Redacted</td> <td>-884mV</td> <td>01/04/2012</td> </tr> <tr> <td></td> <td>-919mV</td> <td>01/04/2012</td> </tr> <tr> <td></td> <td>-854mV</td> <td>01/04/2012</td> </tr> </tbody> </table> <p style="text-align: center;">Table 2: Isolated Risers P/S readings</p>	Address	Readings	Date of Readings	Redacted	-884mV	01/04/2012		-919mV	01/04/2012		-854mV	01/04/2012
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PG&E RESPONSE

<p>PG&E agrees with this concern and has removed these three locations from its Isolated Riser (“10%er”) listing in Fresno Division’s SAP Preventative Maintenance scheduling tool.</p> <p>To ensure personnel assigned to reading isolated riser potentials are fully aware of the potential of encountering a replaced riser, the Fresno Division Corrosion Supervisor reviewed riser types and the required administrative steps when a replaced riser is encountered. (See Attachment C)</p>
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ATTACHMENTS

Attachment #	Title or Subject
C	Refresher training on Isolated Risers

ACTION REQUIRED

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No further action required.			

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**General Order 112-E Findings
CPUC Inspection Report October 10, 2013
Fresno Division**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
April 23-27, 2012	AOC-2	Quang Pham	(415) 703-4763

INSPECTION FINDING

CPUC Finding	C. Field Review and Areas of Concern/Recommendations
	<p>2. SED noted that CPA 3869 had a historical issue of blown fuses on the rectifiers. Also, during SED's field verification of rectifier #479, the rectifier was not working and needed repair. Please describe actions taken by the Division to further investigate and resolve the issue with the rectifiers at this CPA.</p>

PG&E RESPONSE

<p>Recent documentation of this CP Area (3869-07) indicates only one instance of a blown fuse at rectifier #479, and that was in 2013. In 2011, the anode lead wire at rectifier #479 was broken and took several months to repair. Please see Attachment D for recent maintenance history of CPA 3869-07.</p>
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ATTACHMENTS

Attachment #	Title or Subject
D	CPA 3869-07 Documentation

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
No further action required.			

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**General Order 112-E Findings
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INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
April 23-27, 2012	AOC-3	Quang Pham	(415) 703-4763

INSPECTION FINDING

CPUC Finding	<p>C. Field Review and Areas of Concern/Recommendations</p> <p>3. SED inspected the exposed pipe on [Redacted] in Fresno and noted that the pipe was partially submerged in water. SED also observed that the coating and wrapping on the pipe appeared to be in unsatisfactory condition.</p>
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PG&E RESPONSE

<p>The exposed pipe at [Redacted] in Fresno has been inspected and determined to be in satisfactory condition. While there is light surface rust, there is no evidence of atmospheric corrosion (i.e. no blistering, peeling, or de-lamination of metal). As a preventative measure, PG&E has scheduled the General Construction Paint Crew to prep and re-coat the exposed main by September 30, 2014.</p>

ATTACHMENTS

Attachment #	Title or Subject
None	

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
Re-coat the exposed gas distribution main at [Redacted] Fresno	September 30, 2014		Fresno Gas M&C

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**General Order 112-E Findings
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Fresno Division**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
April 23-27, 2012	AOC-4	Quang Pham	(415) 703-4763

INSPECTION FINDING

CPUC Finding	<p>C. Field Review and Areas of Concern/Recommendations</p> <p>4. SED inspected the cathodic protection on CPA 3869-07 at 3072 E. Simpson in Fresno. SED observed a P/S reading of -0.690V, which did not meet the -0.850V criteria used by PG&E.</p>
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PG&E RESPONSE

<p>Pipe-to-soil potentials for CP Area 3869-07 were read on May 14, 2012 and found to be above the -850 mV criteria for adequate cathodic protection (See Attachment D). Troubleshooting in the area indicated no issues of electrical contact. It is not uncommon to observe low pipe-to-soil readings due to temporary contacts, such as a bicycle resting on a meter set and shorting the electrical insulation, and subsequent troubleshooting determines no indication of inadequate cathodic protection.</p>
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ATTACHMENTS

Attachment #	Title or Subject
D	CPA 3869-07 Documentation

ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
No further action required.			

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