

## Response to 2012 TIMP Audit Finding

### External Corrosion Direct Assessment - Immediate Indications Reprioritization Process

#### ***Background***

In the audit letter from the CPUC regarding the 2012 GO-112E audit of PG&E's Transmission Integrity Management Program (TIMP), received in December 2013, the CPUC identified a Notice of Violation related to PG&E reprioritizing immediate indications based on a sampling approach when conducting an External Corrosion Direct Assessment (ECDA) for the first time.

#### ***Grouping Adjacent Immediate Indications***

In PG&E's Risk Management Procedure (RMP) related to ECDA, RMP-09, PG&E allows for indications that are adjacent to one another to be grouped together and treated as a single indication. The RMP does not define the term "adjacent", and does not provide criteria for how the decision around grouping indications should be made. The RMP also does not clarify when immediate indications may and may not be reprioritized. Thus, in practice, PG&E applied the "adjacent indications" methodology of RMP-09, and grouped immediate adjacent indications. Within these groups, PG&E then excavated the most severe indication, and then applied these results to reclassify the group. As a result of these historical practices, there is a difference between the number of immediate indications reported by PG&E's ECDA vendors and the number of immediate excavations performed to validate the initial immediate indication through direct examination.

Based on this conclusion, PG&E has agreed to this Notice of Violation and will be excavating all immediate indications on a going forward basis beginning in 2014.

#### ***Scope***

In response to this NOV, PG&E has revisited all ECDA projects between 2008 and 2013 and identified 17 projects that have grouped immediate indications. The total pipe length with immediate indications is 3.15 miles, as outlined below.

City	Sum of Footage	Mileage
Bakersfield	816	0.15
Daly City	258	0.05
Dublin	1745	0.33
Felton	256	0.05
Folsom	5777	1.09
Fowler	1593	0.30
Lincoln Village	198	0.04
Marina	191	0.04
Newark	23	0.00
Oakland	2581	0.49
Pajaro	156	0.03
Palo Alto	9	0.00

San Francisco	192	0.04
Santa Cruz	3	0.00
Scotts Valley	37	0.01
Seaside	144	0.03
Stanford	12	0.00
Stockton	1152	0.22
Watsonville	109	0.02
(blank)	1378	0.26
<b>Grand Total</b>	<b>16630</b>	<b>3.15</b>
<b>(Blank) = unincorporated</b>		

PG&E plans to re-assess the pipe locations identified above to ensure the condition of the pipelines is known. This reassessment will include conducting an IIT for each segment, identifying immediate indication locations, and excavating all immediate indications to validate an immediate condition. In addition, PG&E plans to dig 20 additional locations based on a statistically valid sample of historical immediate indication locations for validation purposes.

PG&E has also collected risk scores, %SMYS data, as well as total occupancy count data for these pipe locations to prioritize the immediate indication locations and identify 5 locations for digs prior to conducting the reassessments. After reviewing this data, only 3 dig locations met all criteria for prioritization. They are outlined below:

#	Route	City	Physical location
1	L-0617-06	Folsom	Redacted
2	L-1816-15	Santa Cruz	
3	181B	Watsonville	

Dig sheets have been produced for these locations and PG&E is currently pursuing permits for these locations.

#### **Next Steps**

Below is PG&E's current plan for executing the remainder of this work.

- 1) Execute 3 high priority digs **as soon as possible**, pending permitting. Permitting is the biggest challenge in executing this work in a timely fashion.
- 2) Perform fielding for remaining locations for IIT work by **3/21/2014**. Obtain permits for IIT work as soon as possible.
- 3) Perform IIT work by **4/30/2014**, pending permitting.
- 4) Conduct immediate indication digs and validation digs **as soon as possible**, pending permitting.

PG&E will continue to provide updates on progress on a periodic basis until all digs are complete.