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April 4, 2014

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 PG&E’s Transmission Integrity Management Audit

Dear Mr. Robertson:

As discussed by Sumeet Singh and Mike Robertson on Friday, February 14, 2014, PG&E agrees with this violation, and will revise RMP-09 to clearly define and document the engineering analysis of indication prioritization process and require direct examinations of all immediate indications identified as part of performing the first time ECDA. Historically, PG&E has applied the "adjacent indications" methodology as outlined in Section 7.3.1 of RMP-09, and grouped immediate adjacent indications without a proper definition of “adjacent” and documentation of the engineering analysis process. Within these groups of adjacent indications, PG&E excavated the most severe indication, and then applied these results to the group.

PG&E has taken the most conservative stance and revisited all ECDA projects between December 27, 2007¹ and December 31, 2013 and identified 15 projects with 221 locations that have grouped immediate indications. The total pipe length with immediate indications is 2.62 miles, as outlined below.

	12/27/2007-12/17/2012	12/18/2012-12/31/2013	Total
Initial identified miles	4.92	0.73	5.65
Previously excavated in accordance with regulations	2.30	0.24	2.54
Hydrotested *	0.49	0.00	0.49
Replaced/retired	0.00	0.00	0.00
Total miles for resurvey	2.13	0.49	2.62

* Hydrotested: Reported as the integrity assessment method in the PHMSA Annual Reports (no. 7100).

¹ PG&E’s internal ECDA procedure that is at issue was modified on December 27, 2007 to allow grouping and sampling of “adjacent indications” in certain circumstances. This language was misapplied in the field to immediate indications for first-time ECDA. This practice, which prompted the audit findings by or state regulator, did not apply prior to December 27, 2007 because PG&E’s prior internal procedure did not include a reference for grouping and sampling of indications.

PG&E is undertaking the following corrective actions and compliance as a result:

1. Revise its internal ECDA procedures to address the issue raised by SED's Notice of Violation (NOV 4.5) and ensure that all work performed in 2014 and beyond is completed in accordance with the 49 CFR §192.925 and NACE SP 0502-2008;
2. Perform indirect inspection survey of all impacted miles, per NACE SP-0502-2008;
3. Perform excavations per CFR 49 Part 192 and NACE SP-0502-2008 on all immediate indications and the most severe scheduled indication resulting from the indirect inspection survey;
4. As an additional level of validation of historical immediate indications,
 - a) Perform excavations on the three highest priority locations identified before the indirect inspection survey (Step 2 above), see below for more details about the analysis process and location of the excavations; and
 - b) Compare historical immediate indication data with results of the ECDA validation resurvey performed in this project, and perform additional excavations based on a statistically valid sample of historical locations.

The three highest priority locations have been identified based on risk scores, %SMYS data, and total occupancy count data for these pipe locations. Dig sheets have been produced for these locations and PG&E is currently pursuing permits and working with land owners in preparation for excavation at these locations.

#	Route	City	Physical location
1	L-0617-06	Folsom	Riley St between E Bidwell St and Bidwell St
2	L-1816-15	Santa Cruz	San Lorenzo Riverway (East) between Water St and Cabrillo Hwy
3	181B	Watsonville	225 Salinas Road

Sincerely,

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Attachments

cc: Banu Acimis, CPUC
Dennis Lee, CPUC
Liza Malashenko, CPUC

Sumeet Singh, PG&E
Bill Gibson, PG&E

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