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Denise Tyrrell, Acting Director
Safety and Enforcement Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

Re: CPUC Resolution ALJ-274 Self-Identified Non-Compliance Notification for Not Adhering to PG&E's Plastic Fusion Requalification Procedures

Dear Ms. Tyrrell:

Pursuant to Resolution ALJ-274, PG&E is providing notification of a self-identified non-compliance with PG&E's procedures regarding our plastic fusion requalification process.

As detailed below, on June 26, 2014, PG&E confirmed a gap in our plastic qualifications process. Our plastic fusion qualification procedure requires both a visual verification and destructive test¹ consistent with Federal and State regulations. In accordance with 49 CFR §192.285, our procedures require an initial employee qualification and then potential requalifications depending on employee performance within a 12-month period. Our employees performing this work completed the initial qualification with both visual and destructive testing, and we have been conducting annual verification of our employees, regardless of performance. In the annual verification process, however, we have been performing the visual inspection and not administering the destructive testing component. In addition, we have not been tracking employee performance as stated in our procedures.

This gap in our requalification process does not signal safety concerns. Every plastic pipe installed in the field is leak-tested via pressure and/or soap test before it goes into service to ensure its fitness for service and safe operation including the workmanship and testing of fusion joints completed in the field.

As a result of identifying this gap, PG&E stopped all non-emergency plastic heat fusion work, effective June 27, 2014, until employees are either requalified using both visual and destructive testing or through record validation that both tests were performed, as described in further detail below.

¹ A destructive test involves cutting a pipe joint apart and examining its strength.

PG&E's Gas Standard D-34

PG&E's Gas Standard D-34 (Qualifications for Joining Plastic Pipe), attached, defines a Qualification Test as "[v]isual and destructive evaluation of an individual's connections to determine proficiency of performing joining in accordance with the requirements specified in 49 CFR Part 192, Subpart F."

Section 8 of D-34 provides the circumstances under which qualification testing must be administered for individuals performing connections. All employees undergo initial qualification per the standard, which includes both visual and destructive testing. Sections 8(B) and (E) of D-34 require individuals who will be performing connections to receive requalification testing if: (1) in the past 12 months, the individual has not prepared a specific type of heat fusion connection for which qualification is required; or (2) when three connections or 3% of all connections made, whichever is greater, by this individual have leaked or failed within any 12-month period, as determined by a leak test, visual inspection or laboratory analysis. Section 8 also requires any leak or failure during a pressure test to be recorded and tracked to the employee who made the failed connection. This section of PG&E's procedure is consistent with 49 CFR §192.285(c). Furthermore, Section 9 of D-34 requires that an employee performing connections to plastic facilities receive annual verification for connections, and provides that annual verifications must meet acceptable visual criteria, and may include destructive testing if requested by the local distribution supervisor.

PG&E currently does not track the connection failure rate of employees performing plastic fusion in the field, or whether an employee has conducted this type of connection in the past 12 months, as required by Section 8 of D-34. Instead, PG&E has relied on its annual verification under Section 9 of D-34, which requires a visual evaluation, and provides for destructive testing at the discretion of the local distribution supervisor. PG&E did not adhere to its Gas Standard D-34 due to gaps in tracking employee performance, and then not requiring re-qualifications with both visual evaluation and destructive testing of employees that met the failure rate threshold.

Immediate Actions

Upon discovery of this non-compliance, PG&E took the following immediate actions:

- On June 27, 2014, PG&E stopped all non-emergency heat fusion work ("stand down") by employees (except those who had been *initially* qualified in the last 12 months) until employees are requalified using both a visual verification and appropriate destructive testing. The total population of PG&E employees who have held this plastic pipe joining qualification is approximately 1,450. This "stand down" work included butt, socket, saddle and electro fusion work and was communicated to gas employees the morning of June 27 prior to the day's work commencing. Later the same day, specific information was sent to gas employees with instructions for handling emergencies during the "stand down" period. (Please see attached 5-Minute Meeting).
- On June 27, PG&E notified the CPUC about the lapse in following our plastic fusion procedures.
- On June 27, PG&E also began to track all emergency incidents where fusion work was performed as part of the repair so that further analysis or reviews can be conducted to

ensure adherence to the established emergency response protocols during the “stand-down” period.

- On June 30, PG&E established plastic evaluation centers at various locations within our service territory to conduct employee requalifications. It is anticipated these centers will be able to requalify a total of approximately 45 employees per day.
- To date, approximately 400 of 1,450 employees have been requalified or have been previously qualified, under both visual and destructive testing components, as confirmed through records validation.

Next Steps

PG&E will be taking the following next steps:

1. PG&E will continue requalifying employees using both visual and destructive testing through mid-August. Until employees are requalified, they will not be performing any plastic fusion work.
2. PG&E has engaged a third-party to evaluate the manner in which we qualify our evaluators and to also review the manner in which we conduct the employee qualifications. Northeast Gas Association (NGA)² is currently performing this review. In addition, they will be providing recommendations to improve PG&E’s program to meet industry best practices.
3. PG&E is also tracking all employee failures during the requalification process and will conduct further analysis of each failed joint. In addition, PG&E will be reviewing prior fusion leaks on a system-wide basis. Information from both the requalification failures and prior fusion leaks will be used to inform integrity management actions, including the potential for special leak surveys or field sampling of fusions previously completed by employees that failed the requalification process.
4. As part of this current requalification effort, PG&E will provide periodic updates to the Commission’s Safety and Enforcement Division with the following information: number of qualified employees as confirmed through validated records; number of employees requalified through the visual verification and destructive testing criteria; and the number of employees that failed requalifications including the associated integrity management actions.
5. PG&E contractors have been qualified by PG&E and they have been subject to both a visual and destructive evaluation criteria. However, PG&E will also be assessing the contractor evaluation program to ensure it meets or exceeds code requirements and industry practices.
6. PG&E is also reviewing its current program and comparing it to the ASME B31Q Standard – Pipeline Personnel Qualification recommendations to determine if the plastic pipe joining qualification program should be incorporated into the Operator Qualifications³ program.

² Resume attached.

³ Pursuant to 49 CFR 192, Subpart N.

7. PG&E plans to further evaluate other qualification programs including operator qualified covered tasks and welding qualifications to ensure alignment with industry best practices.
8. In accordance with Resolution ALJ-274, PG&E is notifying all city and county administrators in PG&E's gas service territory. A confirmation of these notifications will be provided as a supplement to this letter.

In addition to this self-identified non-compliance with our procedures, PG&E will be providing a courtesy notification to PHMSA. Please contact Mary Lim at (925) 328-5762 or MDLN@pge.com for any additional questions you may have regarding this notification.

Sincerely,

/S/
Bill Gibson
Director, Compliance

Attachments

cc: Ken Bruno, CPUC
Dennis Lee, CPUC
Liza Malashenko, CPUC
Sunil Shori, CPUC

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