

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 19, 2014

Mr. Sumeet Singh, Vice President
Pacific Gas and Electric Company
Gas Asset and Risk Management
6111 Bollinger Canyon Road, Room 4590-D
San Ramon, CA 94583

GA2012-17

Re: SED closure letter for the General Order 112-E Comprehensive Operation and Maintenance Audit of Pacific Gas and Electric's Diablo Division facilities

Dear Mr. Singh:

The Safety and Enforcement (SED) of the California Public Utilities Commission reviewed Pacific Gas and Electric's (PG&E) response letter dated May 20, 2013 for the findings identified during the General Order (GO) 112-E Comprehensive Operation and Maintenance Audit. This audit of PG&E's Diablo Division (Division) was conducted from November 5-9, 2012.

A summary of the audit findings documented by the SED, PG&E's response to our findings, and SED's evaluation of PG&E's response taken for each finding are outlined for each identified Violation and Area of Concern.

This letter serves as the official closure of the 2012 GO 112-E Audit and any matters that are being recommended for enforcement will be processed through the Commission's Citation Program or a formal proceeding.

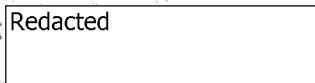
Thank you for your cooperation in this Audit. Please contact Aimee Cauquiran at (415) 703-2055 or by email at aimee.cauquiran@cpuc.ca.gov if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Kenneth Bruno".

Kenneth Bruno
Acting Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division
California Public Utilities Commission

cc: Redacted



Probable Violations

1. **Probable Violation #1(a) - 49 CFR §192.13(c):** PG&E WP 4133-02 requires a Cathodic Protection Area (CPA) resurvey to be conducted once every six years. The Division missed the 6-year CPA resurvey for CPA D48-20 and D48-26 as required by the work procedure.

PG&E's Response: "PG&E agrees with the finding. As noted above, these two Cathodic Protection areas missed having their six-year resurveys completed, as specified in PG&E's work procedure WP 4133-02 by three months. To prevent recurrence, all corrosion control activities, including resurvey schedules will be added to PG&E's Preventative Maintenance tool (SAP) during 2013. SAP will generate notifications of upcoming work on the schedule and track the timelines to ensure the work is completed within the compliance time frame. In addition, the [Diablo] Division Corrosion Supervisor has reviewed the requirement for resurveys with the Corrosion Mechanics in the October 12, 2012 tailboard briefing."

SED's Conclusion:

SED recommends that no fine or penalty be imposed since the violation did not create any hazardous conditions for the public or utility employees.

2. **Probable Violation #1(b) - 49 CFR §192.13(c):** PG&E O-16 requires yearly monitoring of areas where a steel main is cathodically protected via a locating wire. The yearly pipe-to-soil monitoring for CPA D48-26 on the distribution main at Concord Ave. and Bisso Ln. is not monitored yearly. The Division needs to add this location as a yearly location per PG&E standard O-16.

PG&E's Response: "A yearly pipe-to-soil monitoring location has been established for the steel facilities at Concord Avenue and Bisso Lane..."

SED's Conclusion:

SED recommends that no fine or penalty be imposed since the violation did not create any hazardous conditions for the public or utility employees.

3. **Probable Violation #2(a) - 49 CFR §192.723(b)(2):** The Division exceeded the 63-month leak survey interval between 1/19/2005 and 4/22/2010 for leak survey plat 43-D07.

PG&E's Response: "PG&E agrees with this finding. As noted above, for Plat Map 43-D07, PG&E missed the 63-month (to-the-date) leak survey interval requirement by three days. To prevent recurrence, leak surveys are now scheduled and monitored using a system-wide tool which was implemented in January 2011."

SED's Conclusion:

SED recommends that no fine or penalty be imposed since the violation did not create any hazardous conditions for the public or utility employees.

4. **Probable Violation #2(b) - 49 CFR §192.723(b)(2):** The Division did not have record of a leak survey conducted on a partial service on Plat 65-D04 after 10/9/2006.

PG&E's Response: "PG&E respectfully disagrees with this finding. During the audit, we discussed the fact that based on our records, PG&E is confident that the leak survey of this service was performed and documented on the adjacent plat (65-C04). It is a practice of PG&E, when creating a gas transmission leak survey map, to adjust the border of the map when only a small portion of the line will be overlapped onto an adjacent map. Therefore, the documentation of leak survey of this service is on the map 65-C04..."

SED's Conclusion:

SED recommends that no fine or penalty be imposed since the violation did not create any hazardous conditions for the public or utility employees.

5. **Probable Violation #3 – 49 CFR §192.481(a):** The following exposed mains were monitored by the Division for atmospheric corrosion beyond the 39-month required frequency:
- 10" DFM at [Redacted] – 4/22/2005 and 6/9/2011
 - 10" DFM at [Redacted] – 4/22/2005 and 6/9/2011
 - 12" DFM at [Redacted] – 12/20/2007 and 6/14/2011

PG&E's Response: "PG&E agrees with this finding. As noted above, the three sites exceeded the 39 month inspection frequency. The three sites were inspected for atmospheric corrosion in 2011 and are now in compliance. To prevent recurrence, all atmospheric corrosion inspections of exposed distribution mains and services will be added to the SAP Preventative Maintenance tool by December 31, 2013. SAP will generate notifications of upcoming work on the schedule and track the timeliness to ensure the work is completed within the compliance time frame. In addition, the Diablo Division Corrosion Supervisor has reviewed the requirement for atmospheric corrosion monitoring with the Corrosion Mechanics in the October 12, 2012 tailboard briefing..."

SED's Conclusion:

SED recommends that no fine or penalty be imposed since the violation did not create any hazardous conditions for the public or utility employees.

6. **Probable Violation #4 – 49 CFR §192.619(a)(1):** SED reviewed the regulator station record for RA-34 Point of Timber and Bixler, and found that the pressure rating for inlet fire valve FV-04 was unknown; therefore, the established maximum allowable operating pressure (MAOP) for the valve is unsubstantiated. The Division must ensure that station piping and valves are rated for the MAOP and that the MAOP does not exceed the design pressure of the weakest element of the regulating station.

PG&E's Response: "PG&E respectfully disagrees that this finding is a violation of 49 CFR §192.619. The PG&E MAOP Validation Team's research indicates that traceable and verifiable documentation for this valve is a Grove B4 with an ANSI 300 rating. This qualifies the valve to operate up to 720 psi...Subsequently, Diablo Division Gas T&R has transferred the valve specification information onto the valve maintenance form for this valve..."

SED's Conclusion:

SED recommends that no fine or penalty be imposed since the violation did not create any hazardous conditions for the public or utility employees.

Areas of Concern / Recommendations / Observations

1. **Field Observation #1:** The following cathodic protection monitoring locations did not meet the -850 mV criterion:

- Yearly location: 31 Bonita Court, Walnut Creek (CPA D45-24a), -830mV
- Bimonthly: 2601 Lucy Lane, Walnut Creek (CPA D45-25), -814mV
- Bimonthly: 29 Acorn Court, Walnut Creek (CPA D45-25), -720mV
- Isolated (10%er): 1932 Woodmore Court, Concord, -759mV
- Isolated (10%er): 2070 Bethany Court, Concord, -501mV
- Isolated (10%er): 733 Mandarin, Walnut Creek, -817mV

PG&E's Response: "All locations have been brought above the -850mV pipe-to-soil potential criteria for adequate cathodic protection as follows:

- 2601 Lucy Ln, Walnut Creek: Restored 12/11/12, -1005mV
- 29 Acorn Ct, Walnut Creek: Restored 12/11/12, -1062mV
- 31 Bonita Ct, Walnut Creek: Restored 12/11/12, -1061mV
- 1932 Woodmore Ct, Concord: Driveable Anode installed 12/19/12, -1625mV
- 2070 Bethany Ct, Concord: Driveable Anode installed 12/20/12, -1465mV
- 733 Mandarin, Walnut Creek: Driveable Anode installed 12/20/12, -1365mV"

SED's Conclusion:

SED has reviewed your response and the corrective actions taken by PG&E sufficiently address the field observation.

2. **Area of Concern/Recommendation #1:** The Division maintenance records for SPA-03 Martinez Meter Station show that there had been an ongoing concern since 2004 regarding failure of regulators to lock up during station maintenance. Also, Division personnel noted an issue with possible AC induction during the December 2011 maintenance at the station, where PG&E personnel were getting "shocked" while doing maintenance. According to Division representatives, there is a planned replacement for this station in 2013. Please provide status of the work planned for this station.

PG&E's Response: "PG&E agrees with this concern. A job (PM #41471916) has been established to replace the Regulator Station. The replacement is scheduled for mid-year construction in 2013. The job will address both the regulator lock-up issue, as well as the electrical interference issue."

SED's Conclusion:

SED has reviewed your response and feels the proposed corrective actions articulated by PG&E sufficiently address the AOC if implemented as indicated in your response. SED may opt to verify completion of the stated corrective action during its next division audit.

3. **Area of Concern/Recommendation #2:** SED observed an exposed portion of the L-191 at milepoint 28.18 located on a hiking trail, accessible to the public. Due to its location, we are concerned that leaving the pipe exposed makes it more susceptible to external damage. Please provide status of the Division's plan to address the exposed section of the transmission pipeline.

PG&E's Response: "PG&E agrees with this concern. Pipeline Engineering has initiated a job to lower sections of L-191 to address this issue along with several other L-191 locations within Briones Park. Design of job #40754898 is nearing completion and a construction start date is scheduled for August 30, 2013."

SED's Conclusion:

SED has reviewed your response and feels the proposed corrective actions articulated by PG&E sufficiently address the AOC if implemented as indicated in your response. SED may opt to verify completion of the stated corrective action during its next division audit.

- 4. Area of Concern/Recommendation #3:** SED reviewed the 2011 and 2012 pipeline casing records for Casing EB-43-E16 for DFM# 3004-01 at M.P. 1.02 and found that the casing-to-soil readings were less negative than -850mV indicating possible casing contact with the carrier pipe. Please provide status of work to remediate all casing contacts in the Division.

PG&E's Response: *"PG&E agrees with this concern and the contacted casing has been added to the Corrosion Engineering – Casing Program tracker for remediation. An Action Plan was sent to the Diablo Division Corrosion Supervisor. All contacted casings throughout PG&E's gas system are categorized based on an individual ranking which is determined by factors such as contact type and pipeline segment rank as described in PG&E's Risk Management Procedure RMP-02. For Diablo Division, there are seven casings identified as being contacted...The priority given to each of these locations, based on the above criteria, was determined to be a lower priority as compared to other locations throughout PG&E's natural gas pipelines transmission system. The scheduled year for remediation for these seven casing contacts is 2015..."*

SED's Conclusion:

SED has reviewed your response and feels the proposed corrective actions articulated by PG&E sufficiently address the AOC if implemented as indicated in your response. SED may opt to verify this stated corrective action at a future date.

- 5. Area of Concern/Recommendation #4:** SED observed short sections of pipe which are separately protected and monitored on a 10-year cycle that did not meet the -850mV criterion. Records of the most recent pipe-to-soil reads in 2011 showed these locations to have met the -850mV criteria, however all three locations no longer met the -850mV criterion during the SED field review... Since these locations are monitored on a 10-year cycle, the Division should provide guidance to its Corrosion Mechanics as to when it should consider installing new anodes at the locations to ensure cathodic protection of these sections of pipe until their next monitoring cycle.

PG&E's Response: *"PG&E agrees with this concern...PG&E is making changes in its SAP maintenance tool so that pipe-to-soil readings at these "10%er" locations that are -1000mV or less will trigger a corrective notification. Corrective notifications would typically result in an anode installation, and a more negative pipe-to-soil potential. This change in the scheduling tool is expected to be in place by July 31, 2013."*

SED's Conclusion:

SED has reviewed your response and feels the proposed corrective actions articulated by PG&E sufficiently address the AOC if implemented as indicated in your response. SED may opt to test this stated corrective action at a future date.