

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 17, 2008

Mr. Glen Carter, Senior Director
Gas Engineering
Pacific Gas and Electric Company
375 North Wiget Lane
Walnut Creek, CA 94598

SUBJECT: General Order 112-E Audit of PG&E's Peninsula Division

Dear Mr. Carter:

On behalf of the Utilities Safety and Reliability Branch of the California Public Utilities Commission, Jadwindar Singh and I conducted a General Order (GO) 112-E Inspection of PG&E's Peninsula Division from July 14 through 18, 2008. The audit included a review of Peninsula Division records for the period 2006 and 2007.

During the audit, we identified one or more violations of GO 112-E. These violations are itemized within the Audit Summary enclosed with this letter. Please note that the violations included within the Audit Summary may differ from the potential violations discussed with PG&E's representatives during the exit meeting of our audit. Any differences are generally attributed to research, conducted subsequent to the audit, which can result in some potential violations being excluded and other violations, not discussed during the exit meeting, being included in the Audit Summary.

Within 90 days of your receipt of this letter, please provide a written response indicating the measures taken by PG&E to address the violations noted in the Audit Summary.

If you have any questions, please contact me at (415) 703-2214.

Sincerely,

A handwritten signature in cursive script that reads "Dennis Lee".

Dennis Lee
Utilities Engineer
Utilities Safety and Reliability Branch
Consumer Protection and Safety Division

Enclosure: Audit Summary

Copy: Boris Andino – Pacific Gas and Electric Company
Larry Berg – Pacific Gas and Electric Company
Bob Howard – Pacific Gas and Electric Company

**LOCAL GAS OPERATOR QUALIFICATION PLAN
COORDINATOR INSTRUCTIONS FOR ADMINISTERING THE
GAS_0134 MONTHLY & QUARTERLY REVIEW.**

Coordinator instructions for supervisors and superintendents. (Monthly)

1.	Distribute GAS_0134 packet to all individuals present.
2.	Review GAS_0134 content in detail and answer all questions.
3.	Provide OQ sign-in roster.
4.	Submit original OQ sign-in roster to Heidi Haas. Make 2 copies and submit one to your superintendent, and keep one for yourself.
5.	Review monthly metric to ensure compliance.

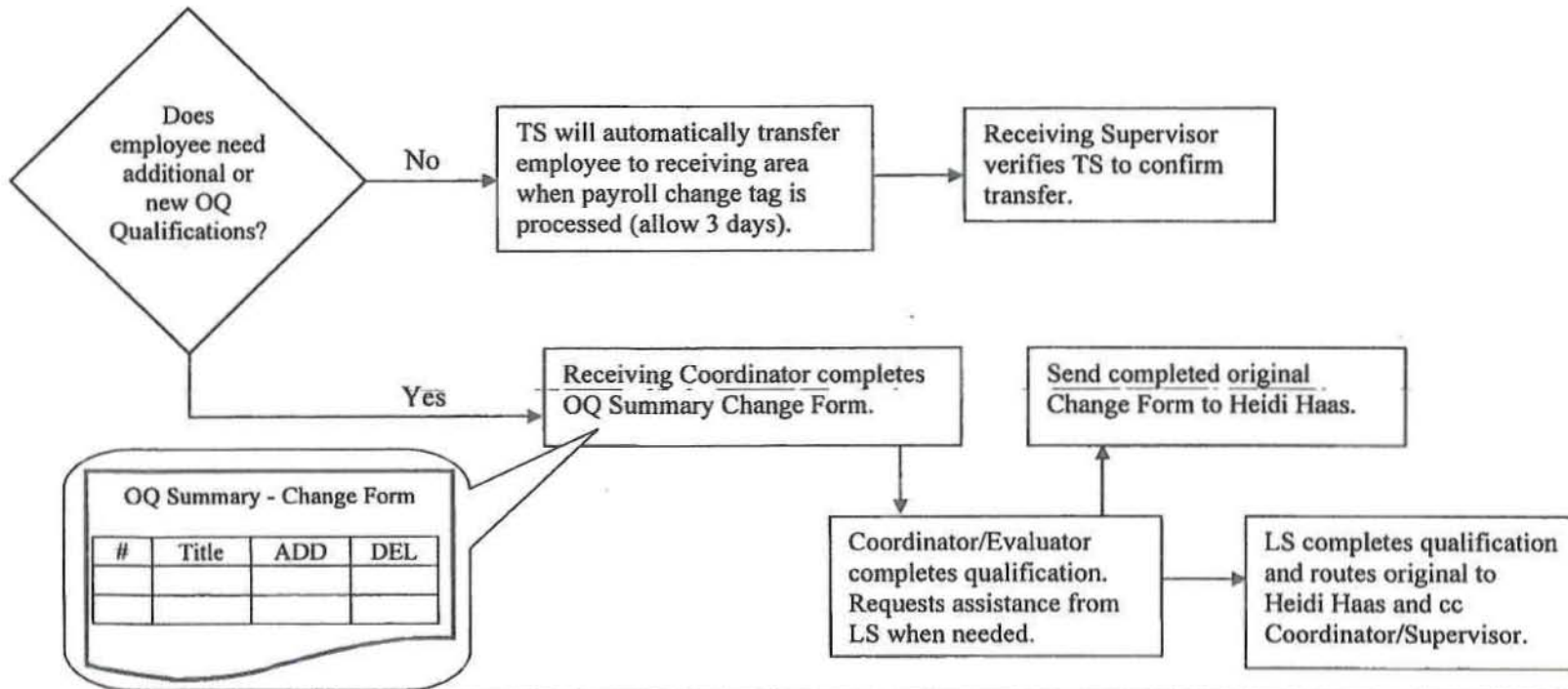
Coordinator instructions for bargaining unit employees. (Quarterly)

1.	Distribute GAS_0134 packet to all individuals present.
2.	Distribute respective Employee Gap Analysis (EGA) to all employees present. Review EGA with employees.
3.	Review GAS_0134 content in detail and answer all questions.
4.	Provide OQ sign-in roster.
5.	Submit original OQ sign-in roster to Heidi Haas. Make 2 copies and submit one to your superintendent, and keep one for yourself.
6.	Review quarterly metric to ensure compliance.

OQ Change of Area Process

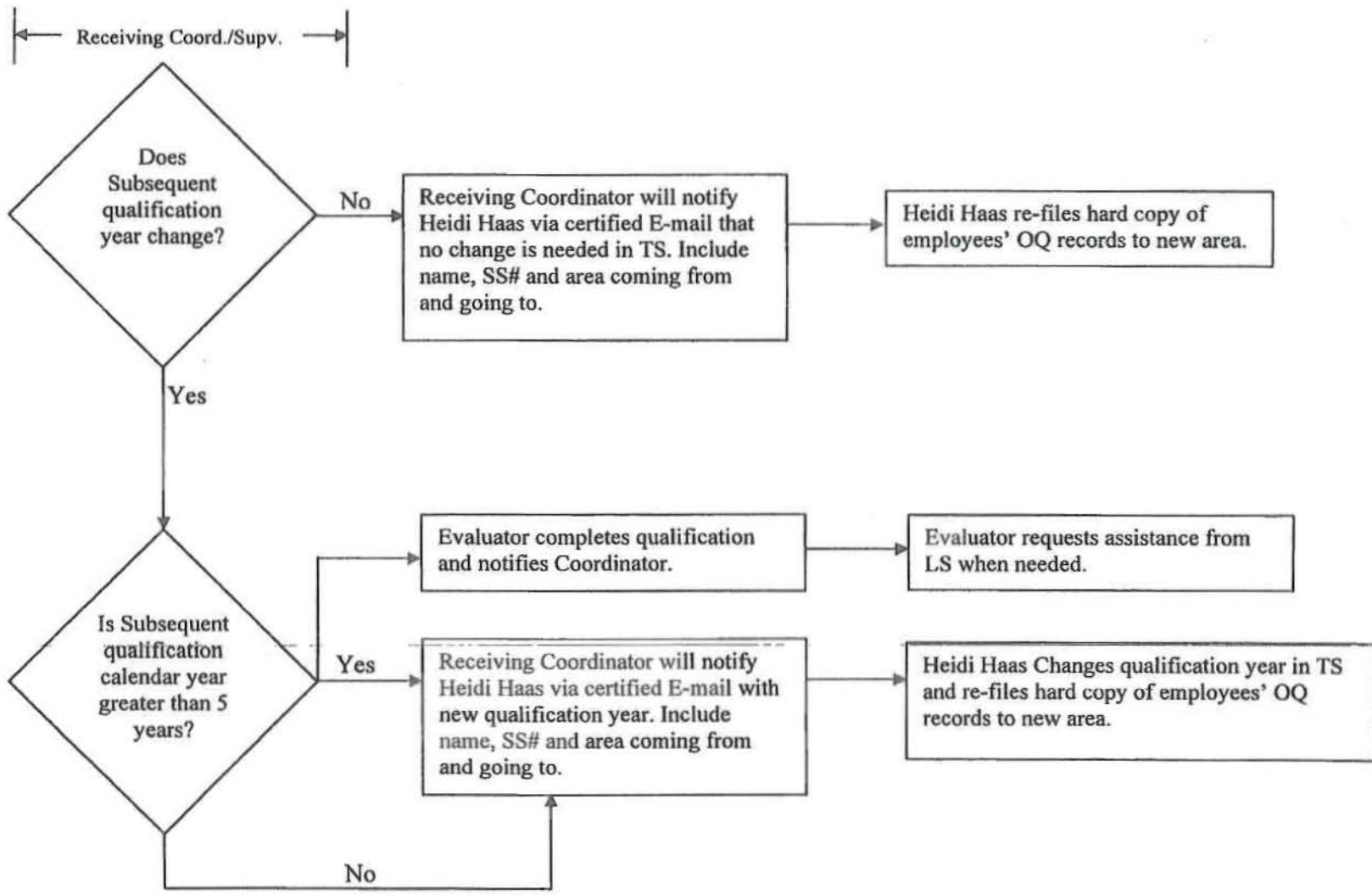
Process Map Use the below procedure/flowchart when OQ employees are transferring between areas.

Initiation Process		
Sending Supervisor	Sending Coordinator	Receiving Supervisor
<ul style="list-style-type: none"> Notifies area coordinator of transfer or receipt 	<ul style="list-style-type: none"> Notifies Heidi Haas of transfer or receipt If employee is transferring to any other department other than Gas, Coordinator to complete and submit Change Form. 	<ul style="list-style-type: none"> Reviews employee's OQ records in Training Server (TS) Determines if any additional qualifications are needed, or If subsequent qualification year is in alignment with receiving area Notify area coordinator of transfer.



Continued on next page

OQ Change of Area Process, Continued



OQ Change of Area Process Form

Date: _____ OQ Coordinator: _____

Note: This form is used only if employee has previous Operator Qualifications.

Name (Last, First)	SS# Last 4 or Emp. ID	Corp ID	From Dept.	From PCC#	To Dept.	To PCC#

Department Legend

- Title 300 (GC)
- Title 200 (M&C and includes combo crews)
- EDGTM&C (formerly CGT)
- FS (includes Meter Readers and affected Troublemn)
- GSO
- GC Paint

When complete, E-mail this form to Heidi Haas (HAP1).

**Utility - OQ Subtask List
(Level 1 and 2 Detail)**

UOQC

	Subtask Code	Subtask	DOT Reference
Cast Iron Repair	01-01.00	Bell Joints and Spigot Seals	192.753
	01-02.00	Protect Cast Iron Pipeline	192.755
	01-03.00	Operations and Maintenance	192.489
*Repair/Replace Distribution Pipeline	02-01.00	Mechanical Repairs	192.703
	02-02.00	Weld Repairs	192.703
	02-03.00	Pipe Squeezing Steel	192.703
	02-04.00	Pipe Squeezing - Plastic	192.703
	02-05.00	Pipe Squeezing - Plastic (1/2" and 1")	192.703
	02-06.00	Abandonment or Deactivation Pipeline Facilities	192.727
	02-07.00	Pipeline Replacement	192.703
Corrosion Control	03-01.00	Distribution Pipe Coatings – Tape / Paint	192.461
	03-02.00	Transmission Pipe Coatings – All	192.461
	03-03.00	Rectifier Reads	192.461
	03-04.00	Atmospheric Corrosion / Monitor	192.479 / 481
	03-05.00	Pipe Inspection	192.459
	03-06.00	Pipe-to-Soil Reads	192.465
	03-07.00	Cathodic Protection Maintenance	192.473
	03-08.00	Galvanic Anode Maintenance	192.473
	03-09.00	Internal Corrosion / Monitor	192.475 / 477
	03-10.00	Rectifier Maintenance	192.465D
	03-11.00	Testing/Inspecting for Adequate Electrical Isolation	192.467D
Leak Test	04-01.00	Soap Test / Stand-up Test	192.725
Locate Facilities	05-01.00	Mark and Locate Facilities	192.614 (a) / (5)
	05-02.00	Standby Pipeline	192.614 (6 C)
*Tapping Pipelines Under Pressure	06-01.00	Operate Service Tee Tapping / Plugging Equipment (3/4" to 2")	192.627
	06-02.00	Operate Top Tapping / Plugging Equipment (3/4" to 4")	192.627
	06-03.00	Operate Split Control Tapping / Plugging Equipment (3/4" to 2")	192.627
	06-04.00	Operate Split Control Tapping / Plugging Equipment (3" to 8")	192.627
	06-05.00	Operate Split Control Tapping / Plugging Equipment (10" to 12")	192.627
	06-06.00	*Perform Hot Tapping / Branch Connection	192.627
	06-07.00	TDW Shortstop II – 6" to 12"	192.627
	06-08.00	Low Pressure / Semi-High Bagging Operations	192.627

*Welding and Plastic qualifications/re-qualifications are maintained under separate DOT Subpart E and Subpart F Requirements respectively
 **Welding qualifications/re-qualifications are maintained under separate DOT Subpart E Requirements.
 July 31, 2000 – Rev. 9, 5/16/08

Utility - OQ Subtask List
(Level 1 and 2 Detail)

UOQC

Task	Input Subtask Code	Subtask	DOT Reference
	06-09.00	Low Pressure Drilling / Threading Operations	192.627
	06-10.00	Operate Riser Valve Changer Equipment	192.627
	06-11.00	Low Pressure Foaming Operations	192.627
	06-12.00	TP - Operate Service Tee Tapping / Plugging Equipment (3/4" to 2")	192.627
	06-13.00	PE Tapping Tee (outlet sizes 1/2" to 2")	192.151
	06-14.00	PE Hot Tapping / Branch Connection (McElroy), (2" and 4")	192.367
	06-15.00	PE Hot Tapping / Branch Connection (Christie), (1/2", 1" and 2")	192.367
Purging of Pipelines	07-01.00	Air Purging	192.629 (a)
	07-02.00	Gas Purging	192.629 (b)
	07-03.00	Inert Purging	192.629 (b)
	07-04.00	Air Mover Operations	N/A
Patrolling	08-01.00	Inspect and Maintain Transmission Line	192.613
	08-02.00	Inspect and Maintain Distribution Line	192.705
	08-03.00	Maintain Line Markers	192.707
Leak Survey / Investigation	09-01.00	Conduct Survey	192.706, 723
	09-02.00	Leak Investigation	192.706, 723
	09-03.00	F. S. Leak Investigation	192.703 (c)
	09-04.00	Leak Survey - (OMD)	192.706, 723
	09-05.00	Leak Survey - (RMLD)	192.706, 723
	09-06.00	Hydrogen Flame Ionization - Heath DP3 & DP4	192.706, 723
	09-07.00	Hydrogen Flame Ionization - OVA-88	192.706, 723
**Transmission Line Repairs	10-01.00	Repair Procedures	192.713 (1)
	10-02.00	Testing Welds	192.713 (2)
	10-03.00	In-Service Welding (INACTIVE)	192.715 (b)
	10-04.00	Transmission Line Repairs - Mechanical	192.711, 192.713, 192.717 (b)
Inspect and Test Remote Control Shutdown Devices	11-01.00	Inspect / Test/ Compressor Remote Shutdown Devices	192.731 (c)
	11-02.00	Test Remote Control Devices	192.731 (c)

*Welding and Plastic qualifications/re-qualifications are maintained under separate DOT Subpart E and Subpart F Requirements respectively

**Welding qualifications/re-qualifications are maintained under separate DOT Subpart E Requirements.

**Utility - OQ Subtask List
(Level 1 and 2 Detail)**

UOQC

Task	Input Subtask Code	Subtask	DOT Reference
Starting, Operating and Shutdown Compressor Units	12-01.00	Start / Operate / Shutdown Turbine - Local	192.605 (b, 7)
	12-02.00	Start / Operate Turbine Motor Remote	192.605 (b, 7)
	12-03.00	Start / Operate / Shutdown - Recip / Local	192.605 (b, 7)
Maintaining Gas Detection and Alarms Systems	13-01.00	Inspect / Test / Maintain Gas Detection / Alarms	192.736 (a)
	13-02.00	Remote System Monitoring	192.736 (b, 1)
Inspect and Test Pressure Regulating and Limiting Devices	14-01.00	Maintain / Operate Regulators (includes valves operating as regulators regardless of service)	192.739
	14-02.00	Inspect / Test Pressure Reg. And Limiting Devices	192.739
Monitor Telemetry and/or Pressure Recording Devices	15-01.00	Monitor System Conditions (SCADA)	192.741
	15-02.00	Monitor Distribution Recording Devices	192.741
	15-03.00	Monitor Telemeter &/or Pressure Devices	192.741
	15-04.00	Inspect and Maintain SCADA RTU's	192.741
Inspect and Test Relief Devices	16-01.00	Test / Maintain Relief Devices	192.739/ 743
Valve Maintenance	17-01.00	Inspect / Maintain Emergency Valves	192.745 / 747
	17-02.00	Remote Valve Operations (SCADA)	192.745 / 747
Vault Maintenance	18-01.00	Inspect Vault	192.749 (a)
Odorization	19-01.00	Inspect & Maintain Odorant Equipment	192.625
	19-02.00	Conduct Sampling of Odorant	192.625

*Welding and Plastic qualifications/re-qualifications are maintained under separate DOT Subpart E and Subpart F Requirements respectively

**Welding qualifications/re-qualifications are maintained under separate DOT Subpart E Requirements.

2008 OQ Review Schedule

AREA	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
1		X			X			X			X	
2	X			X			X			X		
3	X			X			X			X		
4			X			X			X			X
5		X			X			X			X	
6 & Paint Dept.			X			X			X			X
7			X			X			X			X
GC		X			X			X			X	
FS	X			X			X			X		
EDGT M&C			X			X			X			X
GSO		X			X			X			X	

PG&E

Location

Monthly Review of DOT Operator Qualification Program

Identify Covered Tasks
Review OQ Gap Analysis Report
Any new employees in Your District?
Did you complete the Change of Area process and/or develop an individual OQ plan?
Any Contractors or Hiring Hall individuals performing covered tasks?
Did you inform the System Gas Operator Qualification Program Coordinator (SGOQPC) that you have Contractors performing covered tasks in your district?
Only Qualified Employees Performing Covered Tasks
Are All Individuals performing covered tasks able to identify and react appropriately to an AOC?
All Unqualified individuals when performing covered tasks are directed by qualified employees
Did any individual's performance contribute to an incident?
Have you any reason to believe that any individual is no longer qualified to perform a covered task
Have you communicated changes that affect covered tasks to the individuals performing those tasks
When will your employees require subsequent qualification

TRAINING SERVER ROSTER REPORT

COURSE NAME: _____	COURSE CODE: GAS - _____	CLASS DATE: _____
ROSTER LOCATION: <u>San Ramon Valley Conference Center</u>		START TIME: _____
		END TIME: _____
TRAINING LOCATION _____	INSTRUCTOR NAME: _____	INSTRUCTOR CORP ID: _____

	CORP ID	SSN	EMPLOYEE <small>(please print legibly)</small>	SIGNATURE	PCC	DEPARTMENT	SUPERVISOR'S NAME <small>(please print legibly)</small>
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							

At class completion: (1) mail original roster to Heidi Haas at 3301 Crow Canyon Road, San Ramon Valley Conference Center and (2) file copy of this roster with the Local Gas Operator Qualification Plan Coordinator (LGOQPC). Rosters filed locally should be retained for a three year period following the date of training and are subject to audit.

ATTACHMENT D

**Gas T&R Safety Stand up Meeting
San Carlos
July 24, 2008**

7:00AM: [REDACTED]	Tailboard Topic: Read APR Section 3-7, Rule # 322, "Freeway Driving". (passed around sign in sheet).
[REDACTED]	Tailboard Topic: Read email to the group from Mark Hughes; Safety Flash Area 1 Incident Investigation Follow-up Communication. Incident date 5/18/08, Area 1 GC Electric Dept.
[REDACTED]	Tailboard Topic: Read to the group from Mark Hughes; Safety Flash Area 5 Incident Investigation Follow-up Communication. Incident date 6/13/08, Area 5.
[REDACTED]	Tailboard Topic: Read email to the group Todd Arnett; Gas blow down silencers.
[REDACTED]	Tailboard Topic: Read to the group Industrial Ergonomics Newsletter.
[REDACTED]	Tailboard Topic: Read to the group letter dated July 15 th , 2008 regarding new work processes and flame pack resistant clothing for impacted employees.
[REDACTED]	Tailboard Topic: Read email to the group The Bulletin – July 22, 2008.
[REDACTED]	Tailboard Topic: Read to the group Driver Check, Incident Report# 1218630 dated 7/23/2008.
[REDACTED]	Tailboard Topic: Read email to the group from Ott Reid: June 2008 T&D ELT "Meeting at a Glance".
[REDACTED]	Tailboard Topic: Read email to the group from Mitch Kirk: Gas Multiplier Project (Phase 2) Tracking/ds.
[REDACTED]	Went over with the group the CPUC Audit finding from last week. Specifically, District Regs, Cathodic Protection at Reg Stations, DRS A-70 HMB.
[REDACTED]	Read our vision and values: We act with Integrity and communicate Honestly and Openly. "Our Goals", Delighted customer, Energized Employees, Rewarded Shareholders.
[REDACTED]	Reminder to the group on July 30 th , 2008 there will be a "Safety Calibration Meeting." BBQ luncheon will be served after the meeting.
[REDACTED]	Asked the group if there are any Near Miss: None
Have a Safe Day!	

Attendees:



READ

SAFETY RULE: FIREWAY DRAWING.

SECTION 3-7 RULE 322.

OUR VISIONS = VALUES

"USE NOT WITH INTEGRITY AND COMMUNICATE HONESTLY
AND OPENLY"

"OUR GOALS" DIVERSED CUSTOMERS, EMPOWERED EMPLOYEES
RETURNING SHAREHOLDERS.

WENT OVER THE CPUC AUDIT FINDINGS FROM
LAST WEEK.

SPECIFICALLY:

DISTRICT REGS WITH RELIEFS NO DOCUMENTATION
ON 2 RELIEFS. WILL BE CORRECTED

HMB REG MONITOR FAILED

CATHODIC PROTECTION AT REG STATIONS BELOW 850MV
3- BELOW 850MV 1- ABOVE 1600MV.

WILL BE CORRECTED.

DRS A.79 HMB MONITOR FAILED.

"B" MAINT COMPLETED ON 7-22-08

ATTACHMENT E



District Regulator Station Maintenance Record

Gas FM Station No. A-79 Division PENINSULA Wall Map, Plat, Block 3275 H 8

Location MAIN ST. & H.M.B. RD., HALF MOON BAY Stage _____

Associated FM No(s) _____

Run:	<u>LEFT</u>	<u>RIGHT</u>					
Left, Middle, Right, Top, or Bottom (Looking Downstream)							
Employee Initial:	<u>PH</u>	<u>PH</u>					
Date:	<u>7/22/08</u>	<u>7/22/08</u>					

UO Standard Section Paragraph	Task Description	Result					
A1A	Fire Valve Accessible and Operated	y,n	/				
A1B,C	Vault Cover and Surroundings	g,p	g				
A1D	Gas Leak Test (% LEL)		0/0				
A1F	Vault Inspection	g,p	g				
A1E	Ventilating System & Relief Stacks	g,p	/				
A1H	Locking Devices Present And Operational	y,n	/				
A2G	Station Valves Checked	y,n	y				
A1G	Piping Condition	g,p	g				

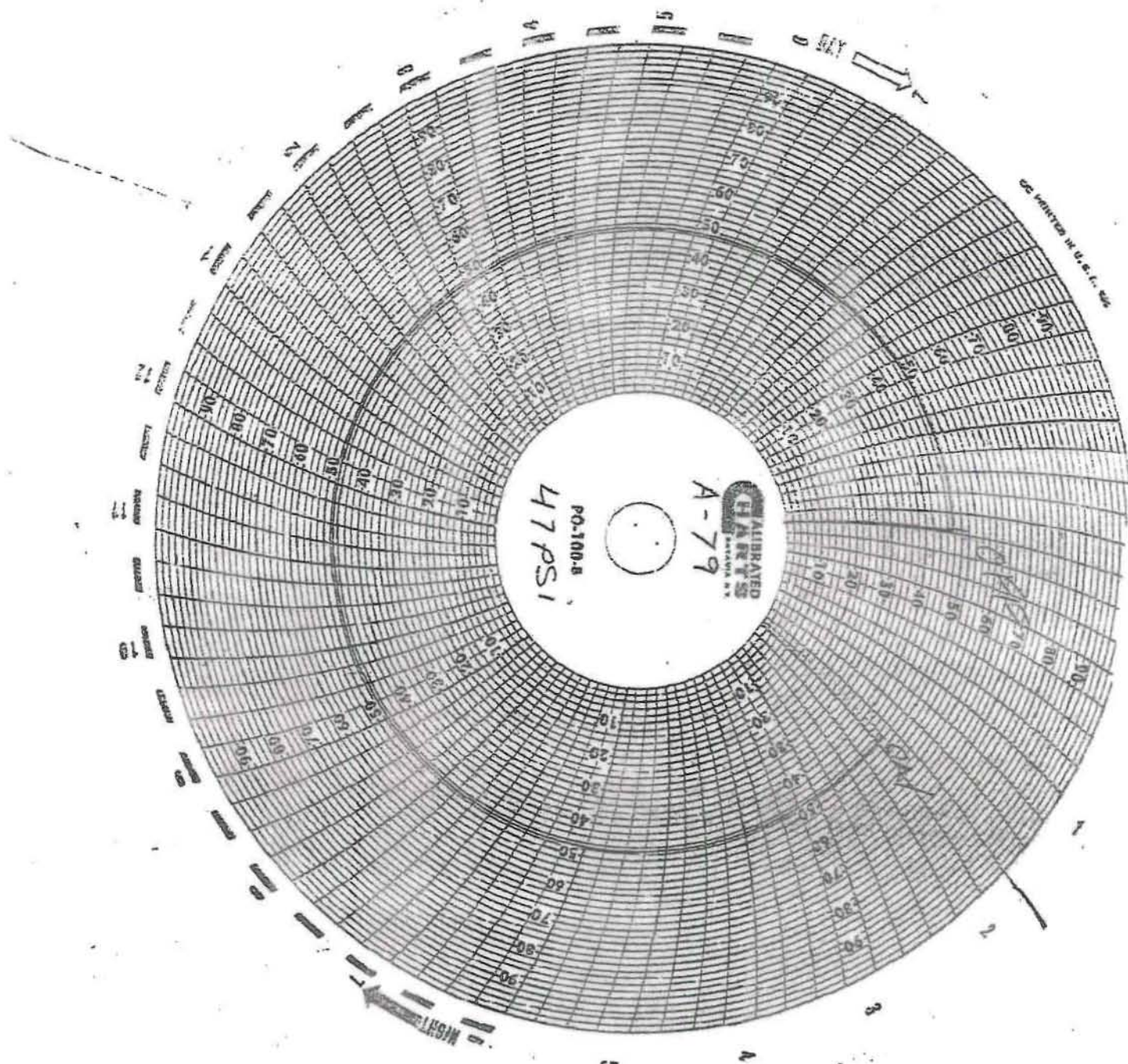
As Found and As Left Settings			AF	AL	AF	AL	AF	AL	AF	AL	AF	AL
A2B	Filter Differential	PSI,W.C.	/									
A2C	Regulator Pressure Setting	PSI, W.C.	47	47								
	Secondary Pilot Setting (Regulator)*	PSI, W.C.	/									
A2E	Regulator Lockup	y,n	/									
	OPP Upstream or Downstream	U,D	D	D								
A2D	Monitor Control Pressure	PSI, W.C.	32	32								
A2E	Monitor Lockup	y,n	y									
A2C	Working Monitor Pilot Pressure	PSI, W.C.	/									
A2D	Secondary Pilot Setting (Monitor)*	PSI, W.C.	/									
A2D2	Relief Cracking Pressure	PSI, W.C.	/									
A2D3	Automatic Shutoff Overpressure Setting	PSI, W.C.	/									
	Automatic Shutoff Underpressure Setting	PSI, W.C.	/									
A2F	Inspect and Clear Vent Lines	y,n	y									
A3B,C	Pressure Recorder- 2pt	2	2									
(OVER)	Was Any Corrective Maintenance Done?	y,n	y									
A2H	Return All Equipment, Valves and Locks to Normal Operation and Position	y,n	y									
A2B2	Station Filter - Internal	y,n	n									
B4A,B,C,D	Regulator	y,n	/									
B4A,B,C,D	Overpressure Protection Device	y,n	y									
B3B	Pressure Test Vent & Diaphragm (L.P.)	y,n	/									
B2A,B,C	Regulator Pilot Control Loop (s)	y,n	/									
D,E	OPP Pilot Control Loop (s)	y,n	y									
	Working Monitor Pilot	y,n	/									

MAGP, Station Drawings and Data Sheet Been Updated	y,n	y										
--	-----	---	--	--	--	--	--	--	--	--	--	--

Enter yes, no; good, poor; pressure or % LEL; control loop includes filter, variable restrictor, and tubing; (line out all non-applicable boxes).
On back of this form show any corrective work done, other than inspection and testing.

- Pressure setting changes and reason
- Parts replacement and reason
- Component replacement (District Regulator Data Sheet must be updated)
- Leak repairs or equipment repair
- Miscellaneous work such as pumping pits, touch-up painting, filter blowdown or cleanout, etc.
- Valve Position Indicator (VPI) tested

* Secondary Pilots used for special applications.



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5

A

3

2

1

FM#A-79 Maintenance Type _____
On Date 7/22/08 Time 1:45 By _____
Off Date 7/23/08 Time 11:15 By _____
Serial# 8805194 Pressure 47 PSI
Reviewed By DKWC Date 7-29-08

AUDIT SUMMARY

AREAS OF VIOLATIONS

1. Title 49 Code of Federal Regulations (49 CFR) §192.805 Qualification program

§192.805 (b) requires that "Ensure through evaluation that individuals performing covered tasks are qualified;"

PG&E employee [REDACTED] conducted leak surveys of 66 plat maps in 2007 while not qualified to perform that covered task. Please explain how an unqualified individual was able to perform a covered task. Ensure that individuals performing covered tasks are qualified as per §192.805 (b).

2. Title 49 CFR §192.723 Distribution systems: Leakage surveys

§192.723 (b)(1) requires that "A leakage survey with leak detector equipment must be conducted in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an opportunity for finding gas leaks, at intervals not exceeding 15 months, but at least once each calendar year."

During the review of the leak survey records, we found 21 plat maps that were leak surveyed in 2007 by an unqualified PG&E employee that were subsequently re-surveyed by a qualified PG&E employee in 2008. Since the leak survey's conducted by the unqualified employee did not qualify as leak surveys in 2007, therefore leak surveys of those plat maps were not completed once each calendar year for 2007 as per §192.723 (b)(1).

3. Title 49 CFR §192.603 General provisions

§192.603 (b) requires that "Each operator shall keep records necessary to administer the procedures established under §192.605."

§192.605 (b)(1) states the following: "Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and Subpart M of this part."

Subpart M – Maintenance includes §192.739 Pressure limiting and regulating stations: Inspection and testing.

§192.739 (a) requires that "Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to determine that it is – (1) In good mechanical condition; (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed; (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation."

During the review of the relief device maintenance records, we found two relief stations (A-80 and A-84) that consist of two reliefs per station but only had one entry per station in the maintenance records for the two reliefs. We believe that two entries are needed per station in order to accurately document that the maintenance required by §192.739 was in fact performed for each relief device.

FIELD OBSERVATION

1. During the field inspection at regulator station A-79, the monitor did not take over. The inspection of the regulator station was stopped prior to the downstream pressure exceeding MAOP + allowable. The monitor was then reset at a lower pressure and it then took over. Please ensure that regulator station devices are set to the appropriate set points in order to protect against over pressuring.

OBSERVATIONS

1. During the inspection, PG&E provided a document, Peninsula Division MAOP Documentation of Gas Distribution System, in regards to missing MAOP documentation for the Peninsula Division. Further review is being done and there have been on going discussions between PG&E and CPUC related to this issue. Follow up questions and requests will be done on separate letters and/or emails.
2. During the review of the 2007 10%-er survey records, we noticed that many isolated service locations were noted as "No such address". It is concerning to see so many "No such address" locations are being found where previous pipe-to-soil readings were taken. Also, if these 10%-ers are not located at the address indicated (as noted by the "No such address"), then the 10%-ers must be located somewhere else and are not being monitored. Please explain what PG&E plans to do about this issue.



**Pacific Gas and
Electric Company***

Glen Carter
Senior Director, Gas Engineering
Gas Transmission and
Distribution

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Fax: 925-974-4220
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January 16, 2009

Mr. Dennis Lee
Utilities Safety and Reliability Branch
Consumers Protection and Safety Division
California Public Utilities Commission
505 Van Ness Avenue, 2nd Floor
San Francisco, CA. 94102-3298

Re: State of California – Public Utilities Commission
General Order 112-E Inspection – Peninsula Division

Dear Mr. Lee:

The following is our response to your letter dated October 17, 2008, which transmitted the results of the July 14 – 18, 2008 General Order 112-E Inspection of Peninsula Division.

AREAS OF VIOLATIONS

USRB Finding:

1. Title 49 Code of Federal Regulations (49 CFR) §192.805 Qualification program

§192.805 (b) requires that “Ensure through evaluation that individuals performing covered tasks are qualified;”

PG&E employee [REDACTED] conducted leak surveys of 66 plat maps in 2007 while not qualified to perform that covered task. Please explain how an unqualified individual was able to perform a covered task. Ensure that individuals performing covered tasks are qualified as per §192.805 (b).

January 16, 2009

Page 2

PG&E Response:

PG&E agrees with this finding.

In mitigation, PG&E notes that (1) PG&E had discovered this problem in December 2007 during an internal program audit and took immediate and comprehensive action, (2) the surveyor had been fully trained to perform the subject surveys and had been approved by the supervisor who then failed to submit the proper documentation certifying the operator qualification status, (3) despite the training of the surveyor, PG&E performed a resurvey all 66 plats using surveyors with up-to-date qualification records, and (4) PG&E voluntarily brought this matter to the attention of the USRB auditors.

The following actions were taken immediately upon discovering this issue:

1. The 66 plats previously surveyed by [REDACTED] were re-surveyed by a qualified employee. This re-survey started on December 15, 2007 and concluded on February 10, 2008. (See Attachment A – 66 plats resurveyed.)
2. The necessary actions were taken to properly qualify [REDACTED] for Leak Survey on December 7, 2007. (See Attachment B – [REDACTED] OQ Record)
3. Reviewed and confirmed qualifications of all Peninsula Division employees who perform covered tasks. This was completed by the Area 1 Operator Qualification Coordinator in January 2008.
4. Reviewed the Operator Qualification program requirements with all Peninsula Division gas distribution supervisors, including [REDACTED] immediate supervisor. This was completed by the Peninsula Division M&C Superintendent on January 8, 2008.

The following actions were taken to prevent recurrence of these problems in Peninsula Division:

1. The Leak Survey Supervisor was removed from the position.
2. The Peninsula Division OQ Coordinator instituted a program to make quarterly reviews of job assignments and qualification records of all employees performing qualified tasks. (See Attachment C – OQ Review Process.)

The following actions were taken to prevent recurrence of these problems system wide:

1. In March 2008, the company instituted a system wide initiative that required each leak surveyor to be re-trained and re-qualified for leak survey prior to being assigned leak survey.
2. We have changed our leak surveyor OQ process so that OQ training and OQ records are centrally maintained at our learning center rather than at individual divisions.

3. We have instituted a monthly reporting process where we check the Integrated Gas Information System (IGIS) data base to confirm that each person who performed leak surveys during the previous month was a qualified surveyor.

USRB Finding:

2. Title 49 CFR §192.723 Distribution systems: Leakage surveys

§192.723 (b)(1) requires that "A leakage survey with leak detector equipment must be conducted in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an opportunity for finding gas leaks, at intervals not exceeding 15 months, but at least once each calendar year."

During the review of the leak survey records, we found 21 plat maps that were leak surveyed in 2007 by an unqualified PG&E employee that were subsequently re-surveyed by a qualified PG&E employee in 2008. Since the leak survey's conducted by the unqualified employee did not qualify as leak surveys in 2007, therefore leak surveys of those plat maps were not completed once each calendar year for 2007 as per §192.723 (b)(1).

PG&E Response:

PG&E agrees with this finding except that PG&E believes that 22 plats were late not 21 as stated in your letter.

However, in mitigation, PG&E again offers that (1) PG&E had discovered this problem in December 2007 during an internal program audit and took immediate and comprehensive action, (2) PG&E undertook to resurvey all 66 plats using surveyors with up-to-date qualification records, (3) despite PG&E's best efforts, the resurvey of all 66 plats was not completed before the end of the calendar year, and (4) PG&E voluntarily brought this matter to the attention of the USRB auditors.

PG&E completed the resurvey of the 22 plats by February 10, 2008 and all areas are now in compliance with 49 CFR §192.723 (b)(1).

USRB Finding:

3. Title 49 CFR §192.603 General provisions

§192.603 (b) requires that "Each operator shall keep records necessary to administer the procedures established under §192.605."

§192.605 (b)(1) states the following: "Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and Subpart M of this part."

Subpart M – Maintenance includes §192.739 Pressure limiting and regulating stations: Inspection and testing.

§192.739 (a) requires that "Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, [to inspections and tests] to determine that it is – (1) In good mechanical condition; (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed; (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation."

During the review of the relief device maintenance records, we found two relief stations (A-80 and A-84) that consist of two reliefs per station but only had one entry per station in the maintenance records for the two reliefs. We believe that two entries are needed per station in order to accurately document that the maintenance required by §192.739 was in fact performed for each relief device.

PG&E Response:

PG&E agrees with this finding. As a result of this issue, the Gas T&R Supervisor tail boarded the employees completing the maintenance records on July 24, 2008. (See Attachment D -- tailboard agenda and sign-in.) He instructed the employees to complete a separate entry on the maintenance records for each relief device at each regulator station.

The following action will be taken to prevent recurrence of this problem in Peninsula Division:

The Gas T&R Supervisor will review the completed district regulator station maintenance sheets for stations with two reliefs to ensure a separate entry is completed for each relief device at each station.

The following action will be taken to prevent recurrence of these problems system wide:

The Supervising Engineer of Regulatory Support & Analysis (RS&A) will communicate with all gas superintendants and engineers in other divisions to make clear that the maintenance of each regulator station device should be separately recorded by February 15, 2009.

FIELD OBSERVATION

USRB Finding:

1. During the field inspection at regulator station A-79, the monitor did not take over. The inspection of the regulator station was stopped prior to the downstream pressure exceeding MAOP + allowable. The monitor was then reset at a lower pressure and it then took over. Please ensure that regulator station devices are set to the appropriate set points in order to protect against over pressuring.

PG&E Response:

For the record, the monitor set point for Regulator Station A-79 was appropriate at the time of the USRB audit (52 psig). However, as you note, during the audit, the monitor did not take over and the monitor was reset at a lower pressure (47 psig).

Subsequently, an internal inspection of the regulator station was performed on July 22, 2008. (See attached documentation.) A full class "B" maintenance inspection was performed. The monitor was torn down, all rubber goods were replaced, monitor was cleaned, reassembled and reinstalled. No problems were observed during the inspection. The monitor regulator was tested and observed to control at 52 psig at the completion of the inspection.

We have inspected and maintained the monitor to ensure proper operation. (See Attachment E – Regulator Station A-79 Maintenance Record.)

OBSERVATIONS

USRB Finding:

1. During the inspection, PG&E provided a document, Peninsula Division MAOP Documentation of Gas Distribution System, in regards to missing MAOP documentation for the Peninsula Division. Further review is being done and there have been on going discussions between PG&E and CPUC related to this issue. Follow up questions and requests will be done on separate letters and/or emails.

PG&E Response:

Responses to follow up for Peninsula Division and system wide MAOP questions and requests were sent to Mr. Sunil Shori on December 30, 2008.

USRB Finding:

2. During the review of the 2007 10%-er survey records, we noticed that many isolated service locations were noted as "No such address". It is concerning to see so many "No

January 16, 2009

Page 6

such address" locations are being found where previous pipe-to-soil readings were taken. Also, if these 10%-ers are not located at the address indicated (as noted by the "No such address"), then the 10%-ers must be located somewhere else and are not being monitored. Please explain what PG&E plans to do about this issue.

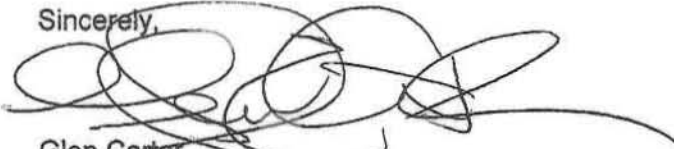
PG&E Response:

Following the CPUC audit, PG&E reviewed the isolated steel riser (10%-er) Gas Facility Management (FM) data base. We confirmed that the data base contained about 5,500 locations with about 600 "no such address" or similar notations. This appears to be the result of a coding error dating from 2003 when the survey data was up-loaded from our contractor (Mears) to the Gas FM data base. We have checked these locations and determined that they are simply the result of the up-load error and do not physically exist and were not in the original 2003 contractor record.

At the same time, we are rechecking all of the 10%-er locations identified by Mears in 2003 (4,324 locations) to ensure that all are included in the FM data base, are properly coded and included in the Peninsula Division isolated steel (10%-er) program. This investigation will be completed by April 1, 2009 and we will make any changes to both the data base and the inspection schedules that may be necessary.

If you have any questions concerning this report, please contact Larry Berg at (925) 974-4084.

Sincerely,



Glen Carter

Attachments

cc: Julian Ajello, California Public Utilities Commission
Raffy Stepanian, California Public Utilities Commission

ATTACHMENT A

PLEASE PROVIDE DATE EACH

PWM 9 1-15-09

RESUME

TAGN ONLY

OCT ANNUAL DOWNTOWN

(10/31-06)

PREVIOUS SURVEY

DATE RESUME

WHO

	DATE	DATE	WHO
✓ 3214-C1	10-25-07	12-15-07	AXWT
✓ 3214-D1	10-25-07	12-15-07	AXWT
✓ 3214-E2	10-25-07	12-16-07	AXWT
✓ 3214-E3	10-25-07	12-16-07	AXWT
✓ 3214-G4	10-23-07	12-15-07	DATU/KRUE
✓ 3214-G5 / 07-20387	10-23-07	12-15-07	AXWT
✓ 3214-J8	10-25-07	12-15-07	DATU/ABUER
✓ 3215-J3	10-9/11-07	12-16-07	JJA
✓ 3277-B4	10-9-07	12-15-07	AZA I
✓ 3277-C4	10-9-07	12-15-07	DATU
✓ 3277-C5 / 07-20378	10-9/10-07	12-15-07	IVERSON
✓ 3277-C6	10-10-07	12-15-07	IVERSON
✓ 3277-C7	10-10-07	12-15-07	IVERSON
✓ 3277-C8 / 07-20379	10-10-07	12-15-07	IVERSON
✓ 3278-A3	10-23/24-07	12-15-07	IVERSON
✓ 3278-A5	10-11-07	12-15-07	IVERSON
✓ 3278-B5	10-11-07	12-15-07	JJPJ
✓ 3278-C1	10-11-07	12-15/16-07	JJPJ
✓ 3278-C2	10-11-07 & 10-23-07	12-14-07	JJPJ
✓ 3278-C4	10-24-07	12-15-07	JJPJ
✓ 3278-B5	10-9/11-07	12-15-07	JJPJ
✓ 3279-F1	10-30/31-07	12-15-07	M. POWELL
✓ 3279-F2 / 07-20388	10/30/07	12-15-07	M. POWELL
✓ 3279-H2	10-31-07	12-16-07	M. POWELL
✓ 3279-H5	10-24-07	12-16-07	M. POWELL
✓ 3279-I2	10-24-07	12-16-07	M. POWELL

was 11/15/07 2/9/08
initial

NOV ANNUAL DOWNTOWN
(11-6/10-16)

	PREVIOUS SURVEY	RESURVEY	DATE
3214-E5	11-1-07	12-10-07	M. POWELL
3214-F7	11-2-07	12-15-07	IVERSON
3214-F8 / 05-20040	11-1-07	12-16-07	JPS/AA
- 3214-G8	11-1-07	12-16-07	JPS
- 3214-H8	11-2-07	12-16-07	JPS/AA
- 3214-I8	11-1-07	12-16-07	AXWT
- 3215-G3	11-2-07	12-16-07	IVERSON
- 3215-G4	11-2-07	12-16-07	IVERSON
- 3215-G5 - 05-20055 <small>relocation</small>	11-1-07	12-15-07	IVERSON
3215-G5			
- 3215-G7	11-1-07	12-16-07	AXWT
- 3215-H1	11-1-07	12-16-07	AXWT
- 3215-H2	11-1-07	12-22-07	M. POWELL
- 3215-H3	11-5/7-07	12-22-07	M. POWELL
- 3215-H4	11-5-07	12-22/23-07	M. POWELL
- 3215-H5	11-5-07	12-23-07	M. POWELL
- 3215-I1	11-1-07	12-24-07	FXIZ
- 3215-I4	11-2-07	12-24-07	FXIZ
- 3215-I5	11-1-07	12-24-07	FXIZ

TOTAL = 110 PLATS

18

4

LKN 1 - L NELSON

DPS 10/1/00

11-15-07

(11-2/18-06)	NOVEMBER ANNUAL DUNSTN - 2007 PREVIOUS SURVEY	RESURVEY	WHO
- 06-E03	11-15/16-07	2-10-08	LKN1
- 06-E04	11-16-07	2-9-08	LA ADWELL
- 06-E05	11-20/21-07	1-20-08	FXIZ
- 06-E06	11-21-07	1-20-08	FXIZ
- 06-E05	11-21-07	1-20-08	FXIZ
- 07-B08	11-15-07	1-19-08	B OLIVOLD
- 07-D07 / 07-20109	11-15-07	1-19-08	B OLIVOLD
- 07-D15	11-14-07	1-19-08	LKN1
- 07-D16	11-14-07	1-19-08	L NELSON
- 08-A02	11-21-07	1-19-08	B OLIVOLD
- 08-A04	11-21-07	1-19-08	B OLIVOLD
- 08-A06	11-20-07	1-19-08	B OLIVOLD
- 08-C03 / ⁰⁷⁻²⁰¹⁰³ 07-20104	11-8-07	1-20-08	LKN1
- 08-C04	11-7-07	2-9-08	LKN1
- 08-C05	11-8-07	2-9-08	LKN1
- 08-C06	11-8-07	2-9-08	LKN1
- 08-D01	11-14-07	1-20-08	LKN1
- 08-D03	11-7/13-07	2-9-08	LKN1
- 08-D04	11-13-07	2-9-08	LKN1
- 08-E01	11-7-07	1-19-08	B OLIVOLD
- 08-E02	11-20-07	1-19-08	B OLIVOLD
- 08-F03	11-20-07	1-19-08	B OLIVOLD

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ATTACHMENT B

PG&E
Employee Transcripts

Date: 1/15/2009

Page: 1

Selection Criteria:

Corp ID: tagn	Employee Type:	Job Code:
Employee Name:	Org:	Course Type: OQ
PCC:	Date From: 1/1/2007	Date To: 12/31/2007

Employee Name: [REDACTED]	Corp ID: [REDACTED]
Org: M&C Area 1 Gas Constr - P	PCC: 11778

<u>Course Code</u>	<u>Course Name</u>	<u>Course Type</u>	<u>Status</u>	<u>Status Date</u>
OQ09-01.00	Conduct Survey	Operator Qualification	Initial Qual	12/7/2007
OQ09-02.00	Leak Investigation	Operator Qualification	Initial Qual	12/7/2007
OQ09-03.00	F. S. Leak Investigation	Operator Qualification	Initial Qual	12/7/2007

ATTACHMENT C

DOT Gas Operator Qualification Program

Monthly & Quarterly Review

(Course Code GAS_-0134)



What is Operator Qualification?

The Code of Federal Regulations (CFR) rule requires pipeline operators to develop and maintain a written qualification program for individuals performing covered tasks on pipeline facilities.

Why Operator Qualification?

To ensure a qualified workforce and to reduce the probability and consequence of incidents caused by human error. The Company is also responsible for all individuals working on its pipeline systems. This includes hiring hall and contract personnel.

Plan Requirements

The Company responsibility is to follow a written qualification program. This program includes provisions to:

- Identify covered tasks.
- Ensure that individuals performing covered tasks are qualified.
- Ensure that unqualified individuals are directed by a qualified individual while performing covered task(s).
- A process to determine if an individual's performance contributed to an incident defined in Part 191.
- Evaluate an individual if the Company has reason to believe that the individual is no longer qualified to perform a covered task.
- Communicate changes that affect covered tasks to individuals performing those tasks.
- Identify those covered tasks and the intervals at which evaluation of the individual's qualification is required.
- The Company shall maintain records that demonstrate compliance with this program.

Contractors & Hiring Hall

All contractors and subcontractors who perform covered task(s) work must be qualified to perform such work. Furthermore, they must be able to recognize and react appropriately to abnormal operating conditions that may indicate a dangerous situation or a condition exceeding design limits.

It is the local supervisor and Local Gas Operator Qualification Plan Coordinator's (LGOQPC) responsibility to notify the System Gas Operator Qualification Program Coordinator (SGOQPC) to review the contractor OQ program before starting work.

Contractors & Hiring Hall (Continued)

Their qualifications will expire upon completion of the project or as determined in writing by Pacific Gas & Electric Company.

What is a Covered Task?

A covered task is an activity, identified by the Company, that is:

- Performed on a pipeline; and
- An operations or maintenance task; and
- Performed as a requirement of this CFR 49 Part 192; and
- Affects the operation or integrity of the pipeline.

A covered task must meet all four criteria to be considered a covered task.

Local Responsibility

- Each Supervisor is responsible to ensure employees are qualified to perform covered tasks on pipeline facilities in their organizations.
- Supervisors may contact HR-Learning Services for qualifying, subsequent qualifying and training individuals to maintain sufficient qualified individuals to perform covered tasks on pipeline facilities.
- Each area will appoint a Local Gas Operator Qualification Plan Coordinator (LGOQPC) to maintain the plan in their local operating department.
- All gas employees are responsible for knowing and understanding the gas operator qualification plan.
- All gas employees are responsible for performing, without supervision, *only* those covered tasks for which they have been qualified under this plan.
- It is the employee's responsibility to know which tasks, they are and are not qualified to perform.
- All gas employees (including hiring hall) are responsible for communicating to local supervision any significant changes which affects their qualification to perform covered tasks they are assigned to perform.
- All Department Directors/Managers/Superintendents/Supervisors share the responsibility to ensure that the skill evaluations have been completed for the employees with gas covered task responsibilities in their areas, and that the evaluations are properly documented for developing any skill deficiencies found during the gas operator qualification evaluation(s).

DOT Gas Operator Qualification Program

Monthly & Quarterly Review

(Course Code GAS_-0134)



Monthly and Quarterly Review & Responsibility

The Local Gas Operator Qualification Plan Coordinator (LGOQPC) will administer the GAS_-0134 review monthly with all supervisors and superintendents within their respective area. Also, the Local Gas Operator Qualification Plan Coordinator (LGOQPC) will administer the GAS_-0134 review quarterly with all employees within their respective area. The review (Gas_-0134) shall be documented on an original signed roster and mailed to:

- Heidi Haas, Rm B101, 3301 Crow Canyon Rd. San Ramon, CA.

Monthly and Quarterly Review & Responsibility (Continued)

In order to ensure immediate input into Training Server, the LGOQPC shall submit an electronic template identifying employees who received GAS_-0134. The GAS_-0134 review may occur in conjunction with tailboards, gas emergency training or any other forms of group communication.

Initial Qualification

Initial qualification is the qualification of individuals who did not perform a particular covered task on a regular basis prior to August 27, 1999.

A written test and a performance based qualification evaluation is used for the Initial Qualification, HR Learning Services will provide the appropriate test document for qualification under this requirement.

Initial qualification is supported by the appropriate knowledge and skill through:

- Formal training by HR Learning Services
- Structured on-the-job training (OJT)
- OJT mentoring by a qualified person
- Written Test

Subsequent Qualification

The subsequent evaluation of an individual's qualification to perform one or more covered tasks (after a transitional or initial qualification to perform the same covered tasks) is done at intervals established by the company. The subsequent qualification process may utilize different evaluation criteria than were used for transitional or initial qualification.

The schedule will be designed to stagger or cycle the evaluations to avoid an unreasonable number of re-qualifications in any one year.

The Company will use a written test and performance based evaluations when conducting subsequent qualifications.

Abnormal Operating Conditions

Abnormal operating condition means a condition identified by PG&E that may indicate a malfunction of a component or deviation from normal operations that may:

- indicate a condition exceeding design limits; or
- result in a hazard(s) to persons, property, or the environment.

Below are examples of abnormal operating conditions that employees must recognize and react to, but are not limited to those listed below.

Pressure Related Conditions

- Uncontrolled or unauthorized leakage of natural gas.
- Pipeline pressure deviations exceeding design limits.
- Conditions requiring shutdown or pressure reduction in a pipeline.

Material / Equipment Failure Conditions

- Material failure or defect.
- Malfunctioning component or component failure.
- Loss of protection on the pipeline.

Facility Damage Conditions

- Pipeline system damage.
- Unintended movement or abnormal loading on the pipeline.

Facility Instrumentation or Control Systems Conditions

- Emergency alarms.
- Activation of a pipeline safety device.
- Unexplained gas facility status change.