

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 13, 2015

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

GI-2015-06-PGE04-02A

SUBJECT: General Order 112 Gas Inspection of PG&E's Peninsula Division

Dear Mr. Singh:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a General Order 112 inspection of Pacific Gas & Electric Company's (PG&E) Peninsula Division (Division) on June 1-5, 2015.¹ The inspection included a review of the Division's records for the period of 2013 through 2014, as well as a representative field sample of the Division's facilities in the cities of Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, Broadmoor, Daly City, and Pacifica. SED staff also reviewed the Division's operator qualification records, which included field observation of randomly selected individuals performing covered tasks.

SED's findings are noted in the Summary of Inspection Findings (Summary) which is enclosed with this letter. The Summary reflects only those particular records and pipeline facilities that SED inspected during the inspection.

Within 30 days of your receipt of this letter, please provide a written response indicating the measures taken by PG&E to address the violations and observations noted in the Summary. Pursuant to Commission Resolution ALJ-274, SED staff has the authority to issue citations for each violation found during the inspection.

If you have any questions, please contact Wai Yin (Franky) Chan at (415) 703-2482 or by email at Wai-Yin.Chan@cpuc.ca.gov.

Sincerely,

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

Kenneth Bruno
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division

Enclosure: Summary of Inspection Findings

¹ General Order 112-F was adopted by the Commission on June 25, 2015 via Decision 15-06-044.

cc: Mike Falk, PG&E Compliance
 Larry Deniston, PG&E Gas Regulatory Compliance

SUMMARY OF INSPECTION FINDINGS

I. Probable Violations

A. PG&E’s Internal Audit Findings

Prior to the start of the audit, PG&E provided SED its findings from the internal review it conducted of Peninsula Division (Division). Some of PG&E’s internal review findings are violations of PG&E’s standards, and are therefore violations of Title 49 Code of Federal Regulations (CFR), §192.13(c) or §192.605(a). SED is aware that PG&E corrected some of its findings prior to SED’s inspection. Table 1 lists all of the violations from PG&E’s internal review.

Table 1: PG&E’s Internal Review

| Code Section | # of Non-Compliance | Finding Description | Corrective Action | Remediation Date |
|---------------------|----------------------------|--|---|-------------------------|
| 192.723(a) | 1 | Survey was late due to split map. | Re-configured map. Map no longer split. | 2/3/2015 |
| 192.805(b) | 2 | Leak repair personnel was not qualified for Pipe Inspection. | Scheduled re-dig for inspection. Supervisor and employees will ensure work assignments are made based upon Operator Qualification. | 4/24/2015 |
| | 1 | A PG&E exposed pipe was ground patrolled by an unqualified personnel. | Pending. | Pending |
| 192.605(a) | 2 | Leaks repaired late. | Repaired or downgraded or rechecked all the leaks. | 12/31/2013 |
| | 8 | Leaks responded to late. | | |
| 192.605(a) | 3 | Regulator Station class B inspections were missing or late. | Work is scheduled monthly and asset strategist runs follow up reports prior to the end of the month to check status of open notification. | 4/1/2015 |
| 192.605(a) | 1 | Valve V-302 was found inoperable in 2014 without Alternate Means of Control (AMC) or proper documentation. | Created AMC upon identification in 2014. SAP will generate Action Plan for abnormal conditions based upon the date identified. | 4/1/2015 |

Table 2 (cont'd): PG&E's Internal Review

| Code Section | # of Non-Compliance | Finding Description | Corrective Action | Remediation Date |
|---------------------|----------------------------|---|--|-------------------------|
| 192.465(a) | 13 | Missed Cathodic Protection test reads due to a disconnect between SAP downloads. | The corrosion supervisors are required to perform quarterly reviews of all Cathodic Protection Area (CPA) maintenance reports. | 7/1/2015 |
| | 2 | Missed two 2014 Yearly Cathodic Protection test reads because SAP did not create the preventive maintenance (PR) notifications. | Corrosion mechanics was dispatched and took the read upon discovery of the missed read. The asset strategist group manually created the 2014 PR notifications in SAP and confirmed that the next scheduled maintenance will be May 2015. | 1/13/2015 |
| 192.605(a) | 21 | Cathodic Protection Area (CPA) Follow-Up Action Plans were missing or late. | SAP currently maintains CPA Follow-Up Action Plans and it will generate automatic notifications to request for updates. | 1/1/2015 |
| 192.605(a) | 12 | Casings were not monitored annually. | Investigating these casings to determine the cause of the missing annual monitoring. The casings will be added to the maintenance plan if necessary. | 7/31/2015 |
| 192.605(a) | 1 | Exposed span #41 was not fully inspected because this span is not entirely visible from bridge. | Exploring all options to access small section that cannot be viewed under bridge. San Carlos Corrosion Department will work with Gas Construction to potentially utilize water vessels to review the entire span. | 7/1/2015 |

Please provide SED a status update on the internal findings that remediation were not completed as of June 5, 2015.

B. SED Findings

1. Title 49 CFR §192.605(a) states in part:

“Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response.”

1.1 Gas Standard O-16, Section 6(A), Cathodic Protection Restoration for Distribution and Local Transmission, states in part:

“If the CPA restoration work is (or is expected to be) over 30 days, the “CPA Follow-Up Action Plan” form must be used and developed within 30 calendar days from the date the CPA is found below adequate levels of protection...”

SED reviewed the Division’s corrosion records and found that the Division did not develop a “CPA Follow-up Action Plan” for each of the following nine monitoring locations, listed in Table 2 below, within 30 calendar days from the date the CPA was found to have below adequate level of protection.

Table 2: Locations of inadequate level of Cathodic Protection without “CPA Follow-Up Action Plan”

| Location | Type | Date of inadequate level of Cathodic Protection | Date of Cathodic Protection restoration |
|--|-----------------------|--|--|
| Line 0210-01 Half Moon Bay Corrosion, CPA 327632 | Bi-monthly | 3/11/2013 | 4/23/2013 |
| S/O Brpadwau Between Vancouver & California, CPA 3213-57 | Bi-monthly and yearly | 1/14/2013 | 8/19/2013 |
| San Mateo & Hillsborough, CPA 3214-69B | Bi-monthly | 2/7/2013 | 4/5/2013 |
| 517 Crescent Ave, San Mateo, SAP Equipment #41262714 | 10%er | 9/23/2013 | 8/8/2014 |
| 281-85 Roble Ave, Redwood City, SAP Equipment #41265859 | 10%er | 10/3/2013 | 3/5/2014 |
| 2892 Hillside Dr, Burlingame, SAP Equipment #41265929 | 10%er | 5/24/2013 | 1/6/2014 |
| 108 Wildwood Ave, San Carlos, SAP Equipment #41265286 | 10%er | 2/22/2013 | 8/6/2013 |
| 935 B St, San Mateo, SAP Equipment #41265648 | 10%er | 10/8/2013 | 7/6/2014 |
| 134 Beachpark Blvd, Foster City, SAP Equipment #41267927 | 10%er | 12/9/2013 | 7/30/2014 |

1.2 Gas Standard O-71, Section Calibration for Crystal and Gel Electrodes, states in part:
*“Check each reference electrode for calibration four times each calendar year, not to exceed 4-1/2 months. Follow the steps below when calibrating the electrode...
 5. Read the multimeter with the electrodes within 2” of each other in the bath...
 6. Record the calibration check results on Form FO-71-A.”*

SED reviewed the Division’s electrode calibration records and found that the Division did not check each of the following reference electrodes, listed in Table 3 below, for calibration four times each calendar year.

Table 3: Reference electrodes not calibrated four times a year

| Reference Electrode | Description |
|----------------------------|---|
| K | The Division only checked this electrode for calibration three times in 2014. |
| Y | The Division only checked this electrode for calibration three times in 2013. |
| B | The Division only checked this electrode for calibration three times in 2013. |
| D | The Division only checked this electrode for calibration three times in 2013. |

2. Title 49 CFR §192.467(d) states:
“Inspection and electrical tests must be made to assure that electrical isolation is adequate.”

In addition, Gas Standard O-16, Section 4(G), Casing Monitoring and Maintenance, states in part:
“Local transmission, backbone transmission pipelines, and gas gathering pipeline cased crossings must be monitored annually (once each calendar year with intervals not to exceed 15 months) and recorded in PLM.”

SED reviewed the Division’s casing monitoring records and found that the Division did not inspect the following three casings, listed in Table 4 below, annually.

Table 4: Casing locations not monitored annually

| Location | Equipment Number | Description |
|------------------|-------------------------|---|
| L109 MP 33.0823 | 42832373 | The casing was not monitored in 2013. |
| L132 MP 42.76 | 41418420 | Mechanic reported missing casing test facilities in 2013. The casing was added to the 2014 casing without leads testing scope. The casing was not monitored in 2013. |
| DCUST796 MP 0.00 | 41416975 | Mechanic reported missing casing test facilities in 2013. The casing was added to the 2015 casing without leads testing scope. The casing was not monitored in 2013 and 2014. |

II. Areas of Concern/ Observations/ Recommendations

1. SED reviewed the electronic corrosion records from the SAP system and found that the Division's San Carlos transmission and distribution electronic corrosion records to be incomplete because the initial SAP query setting did not generate a complete set of records and the transcription process of the result was interrupted. The Division was able to provide additional hand written paper records and new electronic corrosion records during this inspection. SED recommends that PG&E validate the electronic records for completeness and accuracy or present hardcopy records, whichever PG&E considers as its "official records", to avoid delays and confusion during future inspections.
2. During SED's field verification, the Division recorded the following pipe-to-soil readings that did not meet the -850mV criterion, as listed below in Table 4:.

Table 4: Locations of low Pipe-to-Soil reading

| Location | Type | Pipe-to-soil Reading (mV) |
|----------------------------|------------|---------------------------|
| 931 B St, San Mateo | 10%er | -749 |
| 406 Niantic Ave, Daly City | Bi-monthly | -541 |
| 788 Skyline Dr, Daly City | Bi-monthly | -620 |

In addition , PG&E's Utility Standard TD-4181S requires a driveable anode to be installed at a 10%er location if pipe-to-soil reading is less negative than -950mV. SED observed the following 10%er locations that meet this criterion:

- 18 Linbergh St, San Mateo, 10%er, -940mV
- 962 El Camino Real, San Mateo, 10%er, -916mV

Please provide SED an update on action(s) taken by PG&E to bring the pipe-to-soil readings at these locations in compliance with 49 CFR §192.463 and PG&E's Utility Standard TD-4181S.

3. During SED's field verification, SED inspected the surface condition of exposed gas facilities and found atmospheric corrosion at the following residential locations, as listed below in Table 5.

Table 5: Locations of atmospheric corrosion

| Location | Description | Date of last Atmospheric Corrosion Inspection |
|------------------------------|-------------------------|---|
| 1555 Sullivan Ave, Broadmoor | Pitting | 4/28/2014 |
| 788 Skyline Dr, Daly City | Flaking above the union | 5/13/2014 |
| 324 Keith Ave, Pacifica | Pitting | 5/5/2014 |

Please provide SED a status update on the atmospheric corrosion condition at these locations.

4. During SED's field verification, the Division recorded a pipe-to-soil reading of -1673mV in an impressed current system at 3520 El Camino Real, San Mateo. PG&E's Utility Procedure TD-4181P-202 requires corrective actions for an impressed current system if the pipe-to-soil measurement is more negative than -1600mV. The mechanic informed

SED that a new anode was recently installed at this yearly test location causing the overprotection condition. Please provide SED an update on actions taken by PG&E to bring the pipe-to-soil reading at this location in compliance with PG&E's Utility Procedure TD-4181P-202.