



**Larry Deniston**  
Manager  
Regulatory Compliance  
Gas Operations

6111 Bollinger Canyon Rd.  
San Ramon, CA 94583  
**Phone:** 925.328.5756  
**E-mail:** LCD1@pge.com

June 8, 2015

Mr. Ken Bruno  
Gas Safety and Reliability Branch  
Safety and Enforcement Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: State of California – Public Utilities Commission  
General Order 112-E Audit – PG&E’s Hinkley District

Dear Mr. Bruno:

The Safety and Enforcement Division (SED) of the CPUC conducted a General Order 112-E audit of PG&E’s Hinkley District from March 16-20, 2015. On May 8, 2015, the SED submitted their audit report, identifying probable violations, findings and areas of concern. Attached is PG&E’s response to the CPUC audit report.

Please contact Larry Berg at (925) 328-5758 or LMB5@pge.com for any questions you may have regarding this response.

Sincerely,

/S/  
Larry Deniston

Attachments

cc: Aimee Caguiran, CPUC  
Willard Lam, CPUC  
Dennis Lee, CPUC

Mike Falk, PG&E  
Sumeet Singh, PG&E

**2015 Hinkley District Audit Findings and Responses**

Finding Type [Internal, NOV, AOC]	Finding #	Finding	Response	Associated Attachment (File Name)
Internal Review Findings	1	<p>Prior to the start of the inspection, PG&amp;E provided SED its findings from the internal review it conducted of Hinkley District. Some of PG&amp;E's internal review findings are violations of PG&amp;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&amp;E corrected some of its findings prior to SED's audit.</p> <p>SED is aware that the District may have completed some of the items by the time of this letter. Please provide an update on the corrective status on the items that were pending as of March 20, 2015.</p> <p><u>Pending Items</u></p> <p>A) Annual Rectifier Site Evaluation forms inconsistent for 2013 and 2014            B) Air-to-soil transitions were not visible during Aug 2014 span inspections on L-300A (9)            C) Inoperable valves with late or no alternate means of control (AMC) (6)            D) Maintenance for Pisgah PSV-9 is being documented on form TD-4430P-02-F02 when form TD-4430P-02-F06 should be used. (1)            E) Valve cards missing PSIG information (5)            F) Patrolling documentation incomplete (2)            G) 2013 Leak Survey documentation missing (9)            H) 2013 and 2014 leak repairs with no pipe-to-soil reads recorded on A-Forms (2)            I) Grade 2+ leak not repaired within 90 days</p>	<p>A) The Rectifier Site Evaluation forms will be moved to electronic mobile entry towards the end of 2016 for transmission backbone facilities. Validations as data is entered will ensure consistency.</p> <p>B) PG&amp;E has scheduled the excavation and inspection of these air-to-soil transitions for completion by October 30, 2015.</p> <p>C) Of the 6 valves noted, 2 have AMC's in place. 1 has been replaced, and 3 have AMC's that have been in place longer than 12 months, but are scheduled for replacement in September 2015.</p> <p>D) The correct form, TD-4430P-02-F06, has been created for this valve and was used for the 5/12/2015 maintenance.</p> <p>E) As built records for these 6 valves were reviewed and valve ratings were noted on all 6 valve maintenance forms on April 6, 2015.</p> <p>F) Two aerial patrol reports in 2013 noting activity near the pipeline did not have the follow-up ground responses documented. Hinkley District personnel were aware of the activities in the vicinity of the pipeline but the appropriate response was not documented on the aerial patrol forms. In 2013, PG&amp;E centralized an aerial patrol tracking log which includes a quality control check to ensure the appropriate follow-up ground response is documented for aerial observations.</p> <p>G) As noted in the Internal Review Summary, leak survey documentation of station facilities was properly documented in 2014. The longer term preventative measure will be to incorporate station leak survey documentation in with pipeline leak survey documentation. The revision to the leak survey procedure, TD-4110P-03 is scheduled for end of 2015 and will include station leak survey documentation requirements.</p> <p>H) A refresher briefing on the need to take pipe-to-soil readings at leak repairs with exposed pipe and record on A-forms was given to Hinkley District employees qualified for taking pipe-to-soil readings on 3-13-2015. See attached.</p> <p>I) This leak will be eliminated with a valve replacement - Order # 30660992 which was scheduled during the week of 6/1/2015.</p>	H) 3-13-15 Tailboard Briefing_CONF.pdf
NOV	1	<p>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 0-16, Section 6, Paragraph (B)(3), states:            "If the Cathodic Protection Area (CPA) restoration work is (or expected to be) over 60 days, the [CPA Follow-Up Action Plan] form must be used and developed within 60 calendar days from the date the CPA is found below adequate levels of protection ... "            During a review of the District's corrosion records, SED discovered the "CPA Follow-Up Action Plan" form (Action Plan) was created late for CPA Hinkley Compressor Station Intake A. The District originally found the area to have below adequate levels of protection on 1/14/13, however, the District did not create the Action Plan until 6/11/13, exceeding the 60 days allowed by Gas Standard 0-16.</p>	<p>SED identified this in its 12/23/2013 audit letter of the 2013 Hinkley District audit - finding 1.3.3.a. The Hinkley Compressor Station intake is at mile point 160.1 of L-300A. PG&amp;E responded to this finding on page 17 of its 2/5/2014 Hinkley audit response. Please see attached audit response.</p>	2013 Hinkley Audit GO 112-Eaudit Response.pdf

**2015 Hinkley District Audit Findings and Responses**

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AOC	1	On 3/18/2015, SED discovered an exposed section of Line 300A at Mile Post (MP) 115.18 while traveling along the pipeline right-of-way between pipe-to-soil read locations. This section of Line 300A traverses perpendicular under a culvert spillway. The top portion of Line 300A became exposed when the sand cover eroded away. The District notified PG&E Engineering to develop and action plan for this area. Please provide SED with an update on the remediation of the exposed section of Line 300A.	Correction: The milepoint of this exposed pipe is L-300A MP 115.81. The Transmission Integrity Management Department is monitoring this exposed pipe and has scheduled it for remediation in 2017.	
AOC	2	On 3/19/2015, SED observed a pipe-to-soil reading of about -2000mV (On potential) at Line 314 MP35.55 where PG&E's Line 314 intersects with a Southern California Gas (SoCalGas) transmission line and rectifier. PG&E records show a previous pipe-to-soil read of -2430mV on 12/10/2014 and noted a possible anodic interference at this location. According to District personnel, a subsequent reading was taken on 2/25/2015 with the SoCalGas rectifier turned off, and the On potential reading was reported to be -932mV. PG&E met with SoCalGas on 3/23/2015 and 3/24/2015 to troubleshoot the location and discovered that the two pipelines were bonded and mismarked at the test station terminal. The bond was removed, the test station lead labels were corrected, and respective rectifier outputs were lowered. As a result, the pipe-to-soil readings for the two pipelines were reportedly returned to acceptable levels of protection. Please describe actions taken or planned by PG&E to prevent a similar event from reoccurring in its system.	PG&E published TD-4181P-202 Cathodic Overprotection in 2014, with an effective date of January 30, 2015. See the attached procedure and the Guidance Document Analysis which describes the training that was part of the rollout. This procedure describes what steps are to be taken when readings over -1600 mV are encountered. Gas Standard O-10 (attached) describes requirements for labeling of test lead wires, including foreign structures. Following monitoring procedures, as was done for the reads observed during the audit at this location, PG&E addressed both the overprotection issue as well as the mis-labeling of test lead wires.	TD-4181P-202_CONF.pdf GDA - TD-4181P-202_CONF.pdf Gas Std O-10_CONF.pdf
AOC	3	During a review of the District's maintenance record for rectifier HNCPA0490, SED observed a recorded amperage setting of 12.4amps on 1/4/2013 and 23.1amps on 11/21/2014. In approximately two years, the rectifier amperage has almost doubled. Please provide SED with a clarification on the reason for the dramatic increase of amperage at rectifier HNCPA0490.	The rectifier output of approximately 23 amps has been confirmed to be the appropriate setting for this rectifier to provide adequate levels of cathodic protection to the pipeline.	
AOC	4	During a field visit to Electrolysis Test Station (ETS) L-314 MP 4.16 on 3/19/2015, SED observed the handhole that houses the test wires appeared to have been ripped off the ground, and was missing identifying tags or labels on the ETS. According to District personnel the ETS seems to have been vandalized since taking the last pipe-to-soil reading. Please provide SED with an update on the repair of the ETS.	Repairs to the ETS were made on May 4, 2015. Please see attached pictures.	Line 314 MP 4-16 ETS Repair.pdf
AOC	5	While visiting field locations throughout the District, SED observed many instances of the warning stickers on the pipeline markers fading or peeling from the exposure to the elements. SED recommends installing new stickers on pipeline markers where needed throughout the district as soon as practicable.	Hinkley District personnel are inspecting warning stickers on pipeline markers as pipeline marker locations are visited in 2015, and replacing the warning stickers as needed. Anticipated completion of inspections is December 31, 2015.	