

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 29, 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-2015-04-PGE12-15

SUBJECT: General Order 112-E Gas Inspection of PG&E's North Valley Division

Dear Mr. Singh:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a General Order 112-E inspection of Pacific Gas & Electric Company's (PG&E) North Valley Division (Division) from April 13 through 17, 2015. The inspection included a review of the Division's Corrosion Control records for the period of 2013 through 2014, and a field inspection of a representative sample of the Division's facilities. SED staff also reviewed the Division's operator qualification records, which included a 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 a citation for each violation found during the inspection.

If you have any questions, please contact Alula Gebremedhin at (415) 703-1816 or by email at ag5@cpuc.ca.gov.

Sincerely,

Kenneth Bruno
Program Manager - GSRB
Safety and Enforcement Division

A handwritten signature in blue ink that reads "Kenneth Bruno" followed by a stylized flourish and the date "5/29/15".

Enclosure: Summary of Inspection Findings

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

SUMMARY OF INSPECTION FINDINGS

I. Probable Violations

A. PG&E's Internal Inspection Findings

Prior to the start of the inspection, PG&E provided SED its findings from the internal review it conducted of North Valley 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), §192.605(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.

Please provide SED an update on the items that were still pending corrective actions as of April 17, 2015.

Table 1: PG&E's Internal Review

Code Section	# of Non-Compliance	Finding Description	Corrective Action	Remediation Date
192.605(a) Corrosion Control	11	Missed Bi-Monthly rectifier reads in 2014	All reads are completed after the due dates	2/1/2014
	1	Less than 10% of reads taken of isolated risers in 2013 and 2014	PG&E's corrosion group is evaluating the issue and come up with corrective action	Pending
	5	Casing inspections showed contact indication and/or no reads taken	Corrosion mechanic to investigate and create work tickets	2/15/2015
	6	No action plan created for out of compliance CP areas	Corrective action plan created	2/15/2015
192.605(a) Leak Repair	35	Leaks not entered within 14 calendar days in 2013 and 2014	All leaks are being input into SAP	2014

B. SED Findings

1. Title 49 CFR §192.467(d) states:

"Inspection and electrical tests must be made to assure that electrical isolation is adequate."

In addition, page 8 of PG&E's standard O-16, "Corrosion Control of Gas Facilities," states in part:

"G. Casing Monitoring and Maintenance

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 the Division did not inspect the following four casings, listed in Table 2 below, during the 2013 calendar year

Table 2: Casing locations not monitored in 2013

Location	Equipment Number
ETS, Potential, Casing, L402 MP 21.73	43136222
ETS, Potential, Casing, L1043-01, MP 0.0	42773488
ETS, Potential, Casing, DREG5468 MP 1.82	42680202
ETS, Potential, Casing, DREG5468 MP 2.11	42680215

Therefore, PG&E is in violation of 192.467(d) for failing to inspect and electrically test its casings to assure electrical isolation is adequate.

2. Title 49 CFR §192.605(a) states:

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

PG&E's Standard O-16, Corrosion Control of Gas Facilities, page 9, states in part:

“A. Monitor facilities protected with galvanic anodes by using P/S potentials as follows:

Monitor isolated gas distribution piping segments that are over 100' long but less than or equal to 8 blocks of steel main or 1 mile of steel main at least once each calendar year, but with intervals not to exceed 15 months from the day of the previous read.”

SED reviewed the Division's corrosion monitoring records and found the Division did not monitor the following two annual read locations during the 2013 calendar year

1. 130 N. Butte Street, Willows, CPA 10W007
2. 339 Sycamore Street, Willows, CPA 10W007

Therefore, PG&E is in violation of 192.605(a) for failing to follow its standard to monitor the cathodic protection test locations

II. Areas of Concern / Observations / Recommendations

1. Title 49 CFR §192.467(a) states:

“Each buried or submerged pipeline must be electrically isolated from other underground metallic structures, unless the pipeline and the other structures are electrically interconnected and cathodically protected as a single unit.”

In addition, page 8 of PG&E’s standard O-16, “Corrosion Control of Gas Facilities,” states in part:

“G. Casing Monitoring and Maintenance

...The casing is considered to be in electrical contact with the pipeline when the casing-to-soil potential is –800 mV or more negative and/or the difference between the P/S potential and the casing-to-soil potential is less than 100 mV. If one or both of these two conditions are found, further testing as described in Utility Standard D-S0354/S4126 is required.”

SED reviewed the District’s casing monitoring records and found the following 4 locations, shown in Table 3 below, with casing-to-soil potential readings that, according to PG&E’s standard, indicate the presence of pipe-to-casing electrical contacts. SED also field visited and recorded the two locations’ read.

Table 3: Casing Monitoring Records with contact indications

Casing	Bar ID	2013 (mV)		2014 (mV)		SED Field visit	
		PTS	CTS	PTS	CTS	PTS	CTS
1012-01, MP 2.83	NVC127010, 1905-I3	-1016	-832	-1183	-891		
L050A, MP 26.63	NVC117060, 1907-F3		-830		-919		
L050A, MP 33.37	NVC067050, 1845-E3	-1152	-1152	-1013	-805	-1065	-830
1039-01, MP 0.84	NVC077010, 1784-I6	-1185	-1086	-1116	-859	-1350	-986

PTS: Pipe to Soil
 CTS: Casing to Soil

Please indicate the corrective actions taken to address these conditions, and any testing done to determine the pipeline condition after the discovery of the contacts.

2. The atmospheric corrosion monitoring record of exposed span at 1st street bridge in Biggis (route 12B006) noted pitting on the pipeline at the transition of Air-to-Soil during 05/202014 inspection. SED field visit also confirmed the existence of the pitting on the pipe, mainly at the Air-to-Soil transition.

Please provide an update to address this concern along with expected completion dates.

3. During SED's field visit, the Division recorded the following low pipe-to-soil readings, as listed below in Table 4.

Table 4: Low pipe-to-soil (PTS) reads

Inspection Cycle	CPA	Address	City/Area	Reading (mV)
Bi-Monthly	1079-12	2745 Russel St	Redding	-749
		3505 Elizabeth Way	Redding	-812
Bi-Monthly	1564-01	4075 Oren Rd	Corning	-840
		4090 Mary Rd	Corning	-764
Bi-Monthly	1563-01A	409 Houghton Ave Alley	Corning	-646
Bi-Monthly	177001R7	Hall Rd	Corning	-766
Bi-Monthly	1080-03	5063 Surey Dr	Redding	-543
Bi-Monthly	1079-12	1410 Elmwood	Redding	-767
Bi Monthly	10Z002	4190 Road KK	Orland	-644
Bi Monthly	10W005	1045 Walnut	Willows	-758
Yearly	10W005	130 N Enright	Willows	-745
Annual	12B004	208 Sierra Vista	Gridley	-521
10%er		24835 Mechanic Street	Fall River	-775

Please provide an update on the above out of compliance pipe-to-soil reads.

4. PG&E Utility Bulletin TD-O-16B-001 states that all SAP records, once a Division is stabilized in SAP are the auditable records. SAP records were not complete as stated in PG&E Utility Bulletin TD-O-16B-001, considering the North Valley Division was stabilized in SAP on 1/1/12. Thus, accurate auditable records of corrosion control maintenance data were not initially provided to CPUC auditors due to inconsistent and incomplete data queried from the SAP database. Table 5 below includes examples of issues identified during the North Valley Division audit. Please provide SED with the results of PG&E's evaluation of the issues below and corrective actions taken.

Table 5: SAP related issues and Recommended Corrective Actions

Issue No.	Issue Identified	Recommended Corrective Action
1 – Applies to all SAP Records	Auditable records were not fully stabilized in SAP on 1/1/12 as stated by PG&E corrosion engineers on 4/16/15. SED auditors reviewed hard copy paper records in addition to SAP electronic records due to the fact	PG&E should ensure that the proper hardware, software, and training is available to corrosion mechanics in a timely manner before PG&E can correctly state that the records have been stabilized in SAP per TD-O-16B-001. PG&E's conclusion that auditable

	<p>that the SAP records were not complete as stated in PG&E Utility Bulletin TD-O-16B-001. PG&E Utility Bulletin TD-O-16B-001 is not implementable if corrosion mechanics do not have mobile units in their field trucks or the proper software available to record corrective work orders. This Utility Bulletin is dated 4/26/2011. Our audit was conducted four years after implementation of the 4/26/11 Utility Bulletin.</p>	<p>records are records produced from the SAP database is not valid for the North Valley Division CPUC audit for 2013 and 2014 calendar years.</p> <p>PG&E should determine what the correct data set is before the internal audit is conducted based on a database that has been QA/QC'ed. This includes the total number of isolated risers that the 10%ers should be based on for a given year. CPUC auditors requested a list of all isolated risers with the last two dates the risers were surveyed to determine if all have been surveyed within a 10 year period per 192.465(a).</p> <p>PG&E corrosion engineering and regulatory staff should always provide complete records for review during a CPUC audit. They should also have complete knowledge of the field records that exist in order to provide the auditors with a comprehensive set of records. PG&E should also allow direct communication with corrosion mechanics during the audits in order to ensure proper records are reviewed.</p>
<p>2 - Applies to all SAP Records</p>	<p>Per Utility Bulletin TD-O-16-001, "At the end of each year, the CPA maintenance report must be ran, printed and filed with the Master CPA hard copy file. The maintenance reports are ran in SAP.....and this must be completed prior to February 1st of the following year."</p>	<p>PG&E should provide the CPA maintenance report to CPUC auditors along with the internal review. In addition, if violations are identified from running this end of the year reports per ALJ-274, utilities are to provide notice of any self-identified and self-corrected violations to Commission staff and to local authorities within ten calendar days of self-identification of the violation.</p>
<p>3</p>	<p>SAP records for the total number of isolated risers were not accurate due to duplicate addresses that were discovered in the SAP system. This resulted in the total number of isolated risers being incorrect for calendar years 2013 & 2014, thus the total number of 10%ers was incorrect. PG&E's current procedure states at the end of the year the maintenance report must be ran.</p>	<p>PG&E should QA/QC the hard copy data before the hard copy records are entered into the SAP system. In addition, the isolated 10%ers should be reviewed periodically during the year to ensure that the 10% calendar year goal is achieved per 192.465(a).</p> <p>PG&E should work towards reducing the number of isolated sections of steel pipe to ultimately lower their maintenance costs.</p>

	<p>It was unclear whether the operator is working towards reducing the total number of isolated sections.</p>	
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