



**Pacific Gas and
Electric Company®**

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August 23, 2010

Mr. Sunil Shori
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 – PG&E's OM&E Plan

Dear Mr. Shori:

The Utilities Safety and Reliability Branch (USRB) of the CPUC conducted a General Order 112-E inspection of PG&E's Operations, Maintenance, and Emergency (OM&E) Plan from February 23 through 25, 2010. The documents attached provide a detailed response to each of the inspection findings listed in your July 22, 2010 letter.

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

Sincerely,

Glen Carter
Senior Director, Gas Engineering

Attachments

cc: Raffy Stepanian, California Public Utilities Commission
Michael Robertson, California Public Utilities Commission

**General Order 112-E Findings
CPUC Inspection Report dated July 22, 2010
OM&E Plan**

INSPECTION INFORMATION

Inspection Dates	Finding	CPUC Contact	CPUC Phone #
February 23-25, 2010	NOV - 1	Sunil Shori	(415) 703-2407

INSPECTION FINDING

CPUC Finding	<p><u>49 CFR, Part 192, Section 192.605 -- Procedural manual for operations, maintenance, and emergencies.</u></p> <p>Section 192.605 (a) requires operators to: "...prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year..."</p> <p>a) Our audit found that many standards assigned to various Subject Matter Experts (SMEs) for review within 2009 were not reviewed within the calendar year. We also found an instance where a standard (S 4134), shown within the tracking matrix as having been reviewed in February 2009, had no updated documentation of the reviewed standard. Finally, in many instances where reviews had been completed, there were no records that allowed for us to confirm what actions had been implemented in response to the assigned SME's findings.</p> <p>Discussion with PG&E staff indicated that measures had been not implemented to properly track the progress of reviews after they were assigned to the various SMEs. As a result, it appeared to us that it did not become apparent until it was too late in the year that certain standards had not been, and would not be, completed within the calendar year. It was also troubling to us that there was no process in place for notifying responsible managers when assigned reviews of standards were not being completed in a timely manner by those to whom they had been assigned.</p> <p>PG&E needs to implement formalized procedures which require progress to be tracked at all levels of the operations, maintenance, and emergency (OM&E) review process. This includes the assignment of the standards for review, the progress of the reviews, early identification of delays which need to be resolved in order to meet compliance with Section 192.605(a), and the timely implementation of the findings/outcome of standard reviews performed by SMEs. A Work Procedure (WP), WP 4000-02, being created to address these items was discussed during the</p>
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	<p>audit; however, we do not believe we received a copy of this document at that time.</p> <p>b) Our audit found that PG&E has not included its Standards and Specifications manuals in the operations and maintenance annual planned reviews performed by the company pursuant to Section 192.605(a). As a result, standards such as Gas Standards and Specification (GS&S) A-66, Repairing Cast Iron Defects, GS&S A-36, or others that provide procedural details on work performed are not currently included in the annual reviews. Also currently not part of annual reviews, are the on-call manuals utilized by PG&E personnel performing on-call duties. The On-Call-Manual reviewed during the audit was last updated in year 2007.</p> <p>We believe that the Standards and Specifications manual is directly related to the operations and maintenance of PG&E's gas system. As a result, it is covered by, and included under the requirements of Section 192.605. Likewise, since the on-call manual is directly related to, and impacts, emergency response, its review is also subject to the requirements of Section 192.605. Not including annual review of these items is a non-compliance with Section 192.605. PG&E needs to include these on annual reviews, as well as identify other procedures related documents that are currently not, but need to be, placed on annual reviews pursuant to Section 192.605.</p> <p>c) Our audit found that WP 6435-04, <u>Procedure for Discontinuing Gas Service</u>, had not been reviewed on an annual basis. This procedure, which is performed by personnel from PG&E's Gas Field Services (GFS), was not included among those that are reviewed on an annual basis.</p> <p>Of more concern, it appeared to us that the services performed by the GFS are not part of the scheduled annual reviews we examined during the audit. It was also unclear what part of PG&E, if any, does perform annual reviews of OM&E related procedures/standards utilized by GFS. We would like PG&E to provide details on the process used to assure that OM&E procedures/standards, utilized in the performance of tasks performed by personnel from GFS, are identified and reviewed on an annual basis pursuant to the requirements of Section 192.605.</p> <p>d) Our audit found that PG&E has still not completed its gap analysis to determine which company documents address the various requirements of the gas pipeline safety regulations (i.e., PG&E documents that address 192.613 (a) and (b)). We are aware a substantial amount of effort has been imparted towards the gap</p>
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	analysis; however, we are concerned about the delay, since USRB first noted its concerns regarding inadequate annual reviews of standards, to complete this analysis. Please provide PG&E's timetables for assuring that the gap analysis is completed as soon as possible and certainly by the time of our next audit.
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PG&E RESPONSE

A. PG&E agrees with this finding and is taking the following steps to address:

1. Management has communicated the importance of completing document reviews on a timely basis to its managers and gas document stewards.
2. The Compliance Analyst and her supervisor meet regularly to review the status of all current and upcoming document reviews. A monthly report is prepared and document review reminders are sent to document stewards.
3. As described below, PG&E has developed a web-based document review compliance and storage system. In the meantime, paper copies are being generated and filed for each document review, to address the issue of computer storage and retrieval problems that occurred in 2009. These 2010 paper copies are also input into the Company's Enterprise Compliance Tracking System (ECTS) to facilitate the Company's use of this new system.
4. Work Procedure TD-4001P-02, *Procedures for Reviewing, Updating and Tracking Gas Documentation* has been revised to better define the document review and update processes. Attachment 1 contains a copy of this approved procedure.
5. As mentioned in response A.3 above, the Company has developed a new web-based computer application using the Assurx software, called the Enterprise Compliance Tracking System (ECTS) to manage these document reviews. ECTS provides the following enhancements over current spreadsheet and adhoc email communication methods:
 - o It will facilitate document stewards completing the document reviews by using the email system and web links on a programmed basis.
 - o It will also enhance the monitoring of these document reviews by supervision and management by providing instant status reports, using web links.
 - o It will provide safe and secure document review storage.
 - o It will improve document review retrievals for future USRB audits.

(This ECTS system has been used successfully by the Company to facilitate its ability to meet the North American Electrical Reliability Council (NERC) obligations.)

6. The ECTS system will be rolled out to the Gas document stewards and their supervisors in September and October 2010. This system will help the Company meet its compliance obligations and address the above findings in a very effective and efficient way.

B. PG&E respectfully disagrees with the finding that all of the Company's Gas Standards and Specifications manual should be included under the requirements of Section 192.605.

PG&E has reviewed the documents in the current Gas Standards and Specifications (GS&S) manual to determine which documents relate to the Company's gas operations, maintenance, and emergency activities. For 2009, as submitted to the USRB in December 2009 of the Gas Distribution Operations Manual, the Gas Distribution Maintenance Manual, and the Gas Transmission Standards Manual, PG&E had included 20 gas standards (GS&S numbered

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documents) in its gas operations, maintenance, and emergency plans. Based on the current review (Attachment 2), PG&E will now include 36 GS&S documents in its gas operations, maintenance, and emergency plans in the 2010 end-of-year filing.

PG&E respectfully disagrees that the Company On-Call manual needs to be included on the annual review list. Work Procedure TD-4413P-01 (Attachment 3) is already included in the annual review. The Company On-Call Manual contains no additional procedures for gas incident reporting.

C. PG&E respectfully disagrees with this finding.

Section 192.605(b) sets forth the required components of an operator's OM&E Plan. In particular, 192.605(b)(11), requires that the OM&E plan include procedures for responding promptly to a report of a gas odor inside or near a building. For PG&E, this criterion includes the following gas field services documents:

- 1) S6434 Gas Leak and Odor Response
- 2) S6436 Gas and Electric Field Service and Dispatch and Scheduling Operating Practices.
- 3) S6437 Seismic Automatic Gas Service Shut-Off (Earthquake) Valve Devices and Earthquake Preparedness
- 4) WP6434-01 Gas Leak and Odor Investigation

PG&E has determined that WP 6435-04, *Procedure for Discontinuing Gas Service*, does not meet any of the OM&E criteria set forth in section 192.605(b) and is not included in the Company's gas OM&E Plan.

PG&E has been undertaking a significant review of all gas field services documents this year, in preparation of a planned 2011 release of a manual dedicated to gas field services standards, procedures, and job aids. If any of these documents are found to meet any of the criteria in 193.605(b), we will classify those documents as gas operations and maintenance or emergency response documents, and include them in the OM&E Plan and in our annual operations and maintenance document review.

D. PG&E agrees with this finding.

PG&E's gap analysis is substantially completed, with only one section addressing gas compressor stations still in progress. PG&E's gap analysis will be finalized and shared with the USBR by November 1, 2010.

ATTACHMENTS

Attachment #	Title or Subject
1	Work Procedure TD-4001P-02
2	GS&S Document List
3	TD-4413P-01 Procedure for Reportable Gas Incidents

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ACTION REQUIRED

Action To Be Taken	Due Date	Completion Date	Responsible Dept.
Roll out Assurx ECTS to document stewards & supervisors	October 31, 2010	October 31, 2010	Gas Engineering – Standards
Finalize and distribute gap analysis to determine which company documents address pipeline safety regulations	November 1, 2010	November 1, 2010	Gas Engineering – RS&A

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INSPECTION FINDING

CPUC Finding	<p><u>Electronic access for USRB staff to PG&E Standards</u></p> <p>Please provide us an update on PG&E's efforts to provide the USRB with electronic access to its standards, as it has requested numerous times in the past.</p>
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PG&E RESPONSE

<p>PG&E provides the CPUC with periodic electronic updates for its standards upon publication of its manuals and through the use of a flash drive to the CPUC.</p> <p>PG&E continues to work internally to develop the ability for the CPUC to on-line access our documents.</p>
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