

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 23, 2010

Mr. Glen Carter
Director, Gas Engineering
375 North Widget Lane
Walnut Creek, CA 94598

SUBJECT: GO 112-E Audit of PG&E's Meridian Transmission District

Mr. Carter:

On behalf of the California Public Utilities Commission, Dennis Lee and I conducted a General Order 112E audit of Pacific Gas & Electric Companies Meridian Transmission District April 5-9, 2010.

During the inspection, we identified one or more violations of General Order 112E. A copy of the inspection summary itemizing the results is enclosed. Please provide a written response within 90 days indicating the measures taken by PG&E to address the violations noted. Please provide electronic or hard copy records showing the correction date for each item.

If you have any questions, you can contact me at (415) 703-1817.

Sincerely,

A handwritten signature in cursive script that reads "Paul Penney".

Paul Penney, P.E.
Utilities Engineer
Utilities Safety and Reliability Branch
415-703-1817 (Office)

Enclosure: Inspection Summary

- (1) Scope of the Audit
- (2) Records Review Findings
- (3) PG&E Internal Audit
- (4) Field Inspection Findings

CC: Larry Deniston, PG&E Quality Assurance
Dennis Lee, CPUC/USRB

SUMMARY OF INSPECTION FINDINGS

(1) Scope of Audit

This audit of the gas transmission system in PG&E's Meridian district was conducted to assess PG&E's compliance with General Order 112E, as well as Title 49, Code of Federal Regulations (49 CFR), Parts 191 and 192. The audit consisted of a review of your records for calendar years 2007 through 2009, and other associated records. In addition, we reviewed PG&E's internal audit findings. We also conducted field inspections at various locations around the district.

(2) Records Review Findings

(A) § 192.745 (Valve Maintenance: Transmission Lines) states the following:

"(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

(b) Each operator must take prompt remedial action to correct any valve found inoperable, unless the operator designates an alternative valve."

We found that valve 116 missed its maintenance in 2008 due to flooding. The valve was again operated in 2009. PG&E is in violation of this code section.

Where valves are inoperable, 192.745(b) allows an alternate valve to be designated. PG&E should designate an alternate valve for operation on the valve card even if the circumstances are temporary, as was the flooding in this case.

(B) § 192.13(c) (What general requirements apply to pipelines regulated under this part?)

(c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.

According to PG&E's UO Standard S4110, Table 1, pg. 12, CGT transmission pipelines in class 3 and 4 areas should be leak surveyed twice each calendar year.

We found that a segment of pipe on Line L-172A, was not leak surveyed twice in calendar year 2008 per PG&E's UO Standard S4110. The pipeline segment is further identified as sequence 126, book 38. A class location change was recorded on 9-11-2007. However, the requirement for two leak surveys per calendar year was not implemented until 2009. We believe PG&E should have implemented the change in class location in 2008 by doing two leak surveys.

(3) Internal Audit Findings

I have no questions or requests related to the internal audit findings.

(4) Field Inspection Findings

There were no violations found during our field review.