

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 14, 2012

Ms. Jane Yura
Vice President, Gas Operations, Standards and Policies
Pacific Gas & Electric Company
P.O. Box 770000, Mailcode N15F,
San Francisco, CA 94177

File #: GA2012-06

SUBJECT: GO 112-E Gas Audit of PG&E's Rio Vista and Los Medanos Districts

Dear Ms. Yura:

On behalf of the Consumer Protection and Safety Division (CPSD) of the California Public Utilities Commission, Terence Eng, George Carter, and Fred Hanes conducted a General Order 112-E audit of Pacific Gas and Electric Company's (PG&E) Rio Vista and Los Medanos Districts (Districts) from May 7-11, 2012. The audit included a review of the Districts' operation and maintenance records for the years 2008 through 2011, and random field inspections of some of the Districts' facilities. CPSD'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 CPSD inspected during the audit.

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 noted in the Summary. Pursuant to Commission Resolution ALJ-274, CPSD staff has the authority to issue citations for each violation found during the audit. CPSD will notify PG&E of the enforcement action it plans to take after it reviews PG&E's audit response. If you have any questions, please contact Terence Eng at (415) 703-5326.

Sincerely,

A handwritten signature in blue ink that reads "Michael Robertson".

Michael Robertson
Program Manager
Gas Safety and Reliability Branch
Consumer Protection and Safety Division

Enclosure: Summary of Inspection Findings
A. PG&E's Internal Audit Findings
B. Audit Findings/Violations

cc: Bill Gibson, PG&E Director, Regulatory Compliance
Frances Yee, PG&E Gas Engineering and Operations
Larry Berg, PG&E Gas Regulatory Support
Larry Deniston, PG&E Gas Regulatory Support
Dennis Lee, CPSD
Terence Eng, CPSD

SUMMARY OF INSPECTION FINDINGS

A. PG&E's Internal Audit Findings

Prior to the start of the May 7-11, 2012 audit, PG&E provided CPSD its findings from the internal audits it conducted of the Rio Vista and Los Medanos Districts. Some of PG&E's internal audit findings are violations of PG&E's operations and maintenance standards, and are therefore violations of Title 49 Code of Federal Regulations (CFR), §192.13(c). All of the violations that PG&E identified are noted in Tables 1 and 2. CPSD also identified violations of Title 49 CFR, 192 in relation to PG&E's internal audit findings.

CPSD is aware that some of PG&E's Internal Review findings have already been corrected or were in the process of being corrected at the time of the audit. Please provide CPSD with an update on items that had pending corrective actions as of May 11, 2012.

Table 1, Rio Vista District Internal Review Summary

Item	Title 49 CFR Part 192	Topic - Finding	Number of Violations	Number of Violations Corrected	Number of Pending Violations
1	192.745(b)	Emergency Valves - No action plan for inoperable emergency valve	17	17	0
2	192.745(b)	Emergency Valves - No action plan for inoperable relief valve	1	1	0
3	192.13(c)	Emergency Valves - Missing valve data	2	2	0
4	192.743(a)	Emergency Valves - Missing relief valve calculation review	1	1	0
5	192.13(c)	Emergency Valves - Incorrect form used to document annual relief valve maintenance	2	2	0
6	192.13(c)	Emergency Valves - Pencil used on records	Not Listed	All	0
7	192.13(c)	Emergency Valves - Missing chains and locks on valve	Not Listed	All	0
8	192.13(c)	Emergency Valves - Missing valve number	1	1	0

Table 1, Rio Vista District Internal Review Summary (continued)

Item	Title 49 CFR Part 192	Topic - Finding	Number of Violations	Number of Violations Corrected	Number of Pending Violations
9	192.13(c)	Station Maintenance - Missing maintenance documentation for dehydrator	1	1	0
10	192.13(c)	Station Maintenance - Work not performed on the same pieces of equipment	1	1	0
11	192.13(c)	Station Maintenance - Outdated station maintenance and valve card form being used	Not Listed	All	0
12	192.13(c)	Station Maintenance - No documentation for pressure regulation device	3	3	0
13	192.465(a)	Cathodic Protection - No pipe-to-soil reads documented	2	2	0
14	192.13(c)	Cathodic Protection - No action plan for possible casing short	1	1	0

Table 2, Los Medanos District Internal Review Summary

Item	Title 49 CFR Part 192	Topic - Finding	Number of Violations	Number of Violations Corrected	Number of Pending Violations
1	192.13(c)	Emergency Valves - Missing maintenance documentation	2	2	0
2	192.13(c)	Emergency Valves - Outdated cards and forms being used	Not Listed	All	0
3	192.13(c)	Emergency Valves - Missing information on Relief Valve records	Not Listed	All	0
4	192.745(b)	Emergency Valves - No action plan for inoperable emergency valve	1	1	1

Table 2, Los Medanos District Internal Review Summary (continued)

Item	Title 49 CFR Part 192	Topic - Finding	Number of Violations	Number of Violations Corrected	Number of Pending Violations
5	192.13(c)	Station Maintenance - Capacity review missing supervisor signature	4	4	0
6	192.13(c)	Station Maintenance - Relief record missing supervisor signature	1	1	0
7	192.739(a)	Station Maintenance - Annual inspection not completed	1	1	0
8	192.13(c)	Odorization - No odorization reports for 2 months	Not Listed	All	0
9	192.613(a)	Damage Prevention - Line marker needed replacement	1	1	0
10	192.481(c)	Cathodic Protection - No action plan for corrosion found during span inspection	1	1	0
11	192.461(a)(2)	Cathodic Protection - No action plan for disbanded coating	1	1	0
12	192.469	Cathodic Protection - Electrolysis Test Station (ETS) needed	1	1	0
13	192.613(a)	Damage Prevention - No action plan for discovered 3rd party damage to ETS and vent	1	1	0
14	192.13(c)	Cathodic Protection - Unofficial forms used	Not Listed	All	0
15	192.465(d)	Cathodic Protection - No action plan for zero reads on rectifier	1	1	0
16	192.13(c)	Cathodic Protection - Action plan needed to be updated	1	1	0

B. Audit Findings and Violations

1. Title 49 CFR, §192.13(c) states:

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

- i) PG&E’s WP4430-04 Attachment 1, Gas Valve Maintenance Requirements and Procedures, for Service History states :

“Use this portion of the ‘Valve Maintenance Record’ to document the maintenance performed on the valve, as well as document any required repairs and action taken.”

The Los Medanos District did not record the service history for Valve C on L-191 at mile point 9.46 on the Valve Maintenance Record. Therefore, the Los Medanos District was in violation of Title 49 CFR, §192.13(c) for not following PG&E Work Procedure WP4430-04.

- ii) PG&E’s WP4430-04 Attachment 1, Gas Valve Maintenance Requirements and Procedures, states:

“Ensure that all natural gas block valves (2” and greater for gas transmission district-maintained facilities) requiring maintenance per this work procedure and ball or plug valve regulators have a completed ‘Valve Maintenance Equipment Card.’”

CPSD reviewed the Valve Maintenance Cards (e.g. Valve No. V-7C9, H06, MLV-3.86) and determined that the Los Medanos District did not complete and include information such as the make, model, pressure rating, and/or serial number. Therefore, the Los Medanos District was in violation of Title 49 CFR, §192.13(c) for not following PG&E Work Procedure WP4430-04, Attachment 1.

- iii) PG&E’s Pole Mount/Pedestal Mount Rectifier Test and Site Evaluation Form states:

“All defective items must be corrected within 30 days, initiate an action plan for items not corrected within 30 days.”

CPSD reviewed the Pole Mount/Pedestal Mount Rectifier Test and Site Evaluation Form for Rectifier #156 / Rio Vista / CPA# L-200, and noted that the checkbox under *Items of Inspection > Verify AC disconnect switch enclosure is locked* was not filled in each year from 2009-2012, indicating an ongoing issue. On the form, a PG&E inspector noted “Tab Broken”. CPSD had not received acknowledgment that an action plan had been created. CPSD verified in the field that the tab was broken, leaving the enclosure unlocked. Therefore, the Los Medanos District was in violation of Title 49 CFR, §192.13(c) for not following

required instructions on PG&E's Pole Mount/Pedestal Mount Rectifier Test and Site Evaluation Form.

2. Title 49 CFR §192.145(c) states:

"Each valve must be able to meet the anticipated operating conditions."

CPSD also noted that on several Valve Maintenance Cards that the Los Medanos District did not indicate the pressure rating value. The Los Medanos District indicated that the pressure ratings for these valves are currently being researched as part of PG&E's MAOP validation project; therefore, it could not determine if each valve was able to meet its anticipated operating condition. As a result, the Los Medanos District was in violation of 49 CFR, §192.145(c). CPSD requests an update on PG&E's MAOP validation project with respect to these valves.