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November 21, 2014

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 Humboldt Division

Dear Mr. Bruno:

The Safety and Enforcement Division (SED) of the CPUC conducted a General Order 112-E audit of PG&E’s Humboldt Division from May 12 through 16, 2014. On October 22, 2014, the SED submitted their audit report, identifying violations and findings. Attached is PG&E’s response to the CPUC audit report.

Please contact Charles Chang at (925) 328-5727 or cyc8@pge.com for any questions you may have regarding this response.

Sincerely,

/S/
Bill Gibson

Attachments

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

Larry Berg, PG&E
Larry Deniston, PG&E
Bill Gibson, PG&E
Sumeet Singh, PG&E

**2014 Humboldt Division Audit
PG&E Responses**

Finding Type	Finding #	Finding	Response	Associated Attachment (File Name)
Internal Finding	2	192.605(a) - Leak Repair - Excess Flow Valve (EFV) not installed when required by criteria [Instances: 1]	PG&E completed the one pending corrective action for Item 2 in August 2014 by replacing the gas service and installing an excess flow valve at the one location (See Attachment).	HU_Int_PM30996134_CONF.pdf
NOV	1-1	<p>PG&E Utility Work Procedure TD-4540P-01 states: "Review data sheets during each inspection AND update as needed" SED found several instances of the Division failing to review and update regulator station data sheets in accordance to PG&E Utility Work Procedure TD-4540P-01 Maintenance of Regulator Stations: R-87 Fortuna - Blue (35 to 80 psig*) regulator control spring type listed on data sheet however Green (15 to 40 psig*) regulator control spring type installed in regulator; Regulator Inlet and Outlet pressure ratings incorrect. R-59 Loleta - Regulator model unit Fisher 627 listed on data sheet however model unit Fisher 621 installed at station. R-30 Eureka - Inlet Maximum Allowable Operating Pressure (MAOP) and Maximum Operating Pressure (MOP) ratings incorrectly listed on data sheet.</p>	PG&E has reviewed and corrected the data sheets with the appropriate information (See Attachment). Please note that the regulator equipment for Station R-59 was replaced from a Fisher 621 to a Fisher 627 in 2012 (not from a Fisher 627 to a Fisher 621 as noted in the finding).	HU_NOV1.1-R30_CONF.pdf HU_NOV1.1-R59_2014-06-04_CONF.pdf HU_NOV1.1-R872NDSTAGE_2014-06-13_CONF.pdf
NOV	1-2	<p>PG&E Utility Procedure TD-4110P-09 states: "Repair or clear the [Grade 2] leak no later than 18 months, to the date, from the date reported or before the ground freezes or other adverse changes in venting conditions occur" Futhermore, "When Grade 2 status no longer applies to a leak, downgrade the leak to the appropriate classification as defined in this section. Note the reasoning behind the downgrade on the leak record"</p> <p>SED discovered the Division failed to repair or clear leak 37-09-10032-1 within the 18 month period from the date the leak was reported. The Division originally classified the leak as a Grade 2 on 8/12/2009. From 10/3/2010 to 8/4/2011, the Division downgraded the leak to a Grade 3 without any notes describing the reason for downgrading. Additionally, a leak survey conducted by a separate PG&E group identified this leak as a Grade 2 within the period the Division downgraded the leak to a Grade 3. The Division reclassified the leak to a Grade 2 on 8/23/2011 and repaired it on 4/22/2012. The interval from the date the Division reported the leak to the date the leak was repaired spans 31 months, exceeding the 18 months allowed from PG&E Utility Procedure TD-4110P-09.</p>	PG&E respectfully disagrees that this is a violation of PG&E Utility Procedure TD-4110P-09. Downgrading of Grade 2 leaks was permitted by PG&E's leak response procedure in effect at the time, UO Standard S4110 "Leak Survey and Repair of Gas Transmission and Distribution Facilities," as well as PG&E's current Utility Procedure TD-4110P-09. These downgrades are based on physical field investigations of the leak. When the grade of a leak is thus revised, the response requirements of the previous grade no longer apply and are superseded by those of the current grade. Therefore, for leak 37-09-10032-1, PG&E maintained compliance with TD-4110P-09 in repairing the leak on April 22, 2012, within 18 months of when the grade was last changed to Grade 2, August 23, 2011. Furthermore, PG&E noted the reason behind the downgrade (venting) on the Recheck Leak Log for the October 2010 recheck (See attached). PG&E acknowledges that this reason was not apparent on the A-Form reviewed by SED during the audit.	HU_NOV1.2-Lk10032_Recheck_CONF.pdf
NOV	2	<p>2. Title 49 CFR §192.605(a) states: "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 Gas Standard J-95 states: "Protect gas meter sets that are at risk in commercial and industrial areas using concrete-filled, minimum 4" diameter, Schedule 40 steel posts...Barriers should be provided on all sides of the meter set that are exposed to vehicle hazards and that are not already protected by existing structures. The final arrangement of the barriers should not allow a vehicle approaching at any angle to damage the meter set."</p> <p>During a field visit on 5/14/2014 to the service meter at 1605 Short Street, Eureka, SED discovered the Division did not install meter guards in accordance with PG&E Gas Standard J-95. The service meter was located within 8 feet of a commercial/industrial parking area, which requires Schedule 40 steel posts with a minimum of 4-inch diameter. The existing meter guards were approximately 2-inch diameter and did not protect the meter from damage at all vehicle approach angles. Upon notification, the Division performed corrective action by installing meter guards in accordance to PG&E Gas Standard J-95 on 5/15/2014. No response is required for this item at this time.</p>	As noted in the CPUC report, PG&E corrected this issue by installing appropriate meter protection.	N/A

**2014 Humboldt Division Audit
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Finding Type	Finding #	Finding	Response	Associated Attachment (File Name)
AOC	1	During a field visit on 5/15/2014 to district regulator station R-71 in Hydesville, SED observed the relief valve on the left side run failed to relieve pressure at its set point of 175 pounds per square inch gauge (psig) during testing. The PG&E crew disassembled the relief valve for an internal inspection that revealed a buildup of debris from the attached vent stack prevented the unit from relieving pressure at its set point. Upon cleaning and reassembly, the relief valve functioned correctly and the PG&E crew returned the valve back to service. Additionally, the regulator on the right side run did not achieve lock-up until numerous attempts. The right side regulator locked up at 173.5 psig, which is only 1.5 psig from the relief valve set point of 175 psig. Please provide SED an update on the Division's plan to ensure the proper operation of district regulator station R-71.	To address the operational issues observed at this station, in July 2014, PG&E replaced the regulator equipment on both runs, and in August 2014, PG&E replaced the relief valves for both runs (See attachment).	HU_AOC1-R-71_replacements_CONF.pdf
AOC	2	During a review of the Division's records, SED observed the maintenance record for Valve-1 on Line 177 in Ryan Slough contained edits with no employee initials to indicate which individual was responsible for the edits. The maintenance record originally listed the valve type as plug valve with a "Y" during each annual maintenance interval to indicate the PG&E employee lubricated the valve from 2009 to 2012. On 8/5/2013, the Division discovered the valve type to be a gate valve, which does not require lubrication. Subsequently, an unknown PG&E employee altered the "Y" entries to "N/A" for each annual maintenance entry without recording his/her initials. SED recommends the Division to remind personnel about its requirement of correcting entries by crossing out the incorrect entry and recording the correct entry with a dated signature and initial from the PG&E employee.	On June 12, 2014, PG&E provided a refresher briefing to Humboldt Division Instrumentation and Regulation maintenance personnel, reinforcing the requirements for properly correcting records.	HU_AOC2-Bulletin 247 Refresher_CONF.pdf
AOC	3	During a review of the Division's pipeline casing records, SED observed two pipeline casings, outlined in Table 3, to be in contact with the pipeline. 057190 - L-177A Mile Point 175.12 - Years 2012, 2013 087010 - 1310-01 Mile Point 1.14 - Year 2013 <u>Please provide SED with a status update on the remediation of the contacted casings in Table 3.</u>	The status of the identified casings are as follows: 057190 - 177A MP 175.12 - Casing Remediation Project Scheduled for completion by December 31, 2015 (PM 42219157); 087010 - 1310-01 MP 1.14 - Casing Remediation Project Scheduled for completion by December 31, 2015 (PM 31112596).	
AOC	4	Table 4 details casings the Division identified as missing Electrolysis Testing Stations (ETS) or casing vents. 047070 - Line 137B, Mile Point 4.89 017085 - Line 189, Mile Point 1.58 087020 - 1310-01, Mile Point 1.25 017050 - Line 126, Mile Point 3.43 017040 - Line 126C, Mile Point 0.01 017030 - Line 126B, Mile Point 8.75 Please provide SED with a status update on the Division's action plan for the missing ETS(s) and/or casing vents.	PG&E has included these casings in its alternative monitoring program for casings without leads or vents. These casing locations without vents or read points will be monitored annually through alternative inspection and testing techniques to check for electrical isolation. Any identified issues will be mitigated as appropriate in accordance with PG&E Standard O-16, "Corrosion Control of Facilities" and PG&E Work Procedure WP4133-04, "Remediating Casing Contacts." Furthermore, PG&E is developing new procedures for monitoring casing locations, which will include guidance for using the alternative techniques to check for electrical isolation. These new procedures will be implemented over the next two years.	