

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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October 22, 2014

Mr. Sumeet Singh, Vice President
Pacific Gas and Electric Company
Gas Asset and Risk Management
6111 Bollinger Canyon Road, Office #4590-D
San Ramon, CA 94583

GA2014-06

SUBJECT: General Order 112-E Gas Audit of PG&E's Humboldt Division

Dear Mr. Singh:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission (CPUC) conducted a General Order 112-E audit of Pacific Gas and Electric Company's (PG&E) Humboldt Division (Division) on May 12-16, 2014. The audit included a review of the Division's records for the period of 2011 through 2013, as well as representative field sample of the Division's facilities in the cities of Eureka, Hydesville, Fortuna, and Samoa. SED staff also reviewed the Division's operator qualification records, which included 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 the respective records and pipeline facilities that SED inspected during the audit.

Within 30 days of receipt of this letter, please provide a written response identifying 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 citations for each violation found during the audit.

If you have any questions, please contact Willard Lam at (415) 703-1327 or willard.lam@cpuc.ca.gov.

Sincerely,

A handwritten signature in blue ink that reads "Kenneth A. Bruno".

Kenneth Bruno
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division

Enclosure: Summary of Inspection Findings

cc: Larry Berg, PG&E Gas Regulatory Compliance
Larry Deniston, PG&E Gas Regulatory Compliance

SUMMARY OF INSPECTION FINDINGS

I. Probable Violations

A. PG&E's Internal Audit Findings

PG&E provided SED a summary of the internal review it conducted of the Humboldt Division (Division) prior to the CPUC audit. Some findings from PG&E's Internal Review are violations of PG&E's operations and maintenance standards, and therefore are violations of Title 49 Code of Federal Regulations (CFR) §192.605(a). The findings identified in PG&E's internal review are summarized in Table 1.

Table 1: Humboldt Division Internal Findings Summary

| Item | Code Violation | Topic | Finding | Instances | Corrective Status |
|------|----------------|------------------------|---|-----------|-------------------|
| 1 | 192.605(a) | Leak Repair | Missing Underground Service Alert (USA) when required | 4 | Completed |
| 2 | 192.605(a) | | Excess Flow Valve (EFV) not installed when required by criteria | 1 | Pending |
| 3 | 192.605(a) | | Leaks rechecked late | 2 | Completed |
| 4 | 192.605(a) | Regulator Stations | Late Supervisor review on maintenance records | 1 | Completed |
| 5 | 192.605(a) | Corrosion Control | Final Pipe-to-Soil Potential not taken after restoration | 1 | Completed |
| 6 | 192.605(a) | | Cathodic Protection Area not resurveyed within the 6-year interval, not to exceed the final day of the 6th year | 1 | Completed |
| 7 | 192.605(a) | Instrument Calibration | 3-Point Calibration not Done Annually for Permanent and Portable Mechanical Recorder | 1 | Completed |

SED is aware that some of the items may have been completed by the time of this letter. Please provide an update on the corrective status on the items that were pending as of May 16, 2014.

B. SED Findings

1. 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”

1.1. 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:

Table 2. Regulator Station Data Sheet Errors

| Regulator Station Number | Location | Outdated and/or Incorrect Data |
|--------------------------|----------|--|
| 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 |

*psig – Pounds per Square Inch Gauge

1.2. 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”

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.

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.”

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.

II. Areas of Concern/ Observations/ Recommendations

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.
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.

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.

Table 3. Contacted Casings

| Casing Number | Casing Location | Year(s) Identified in Contact with Pipe |
|----------------------|--------------------------|--|
| 057190 | L-177A Mile Point 175.12 | 2012, 2013 |
| 087010 | 1310-01 Mile Point 1.14 | 2013 |

Please provide SED with a status update on the remediation of the contacted casings in Table 3.

4. Table 4 details casings the Division identified as missing Electrolysis Testing Stations (ETS) or casing vents.

Table 4. Casing missing ETS and/or Vents

| Casing Number | Casing Location |
|----------------------|----------------------------|
| 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.