



National Transportation Safety Board

Washington, DC 20594

Office of the Chairman

September 19, 2014

Mr. Michael R. Peevey
President
California Public Utilities Commission
505 Van Ness Ave., 5th fl.
San Francisco, CA 94102

Dear Mr. Peevey:

Thank you for the August 14, 2014, letter, signed by Mr. Paul Clanon, Executive Director, California Public Utilities Commission (CPUC), to the National Transportation Safety Board regarding Safety Recommendations P-10-5 and -6, and P-11-22 and -23. We issued Safety Recommendations P-10-5 and -6 to the California Public Utilities Commission on January 3, 2011, and Safety Recommendations P-11-22 and -23 on September 26, 2011, as a result of our investigation of the September 9, 2010, natural gas pipeline rupture that occurred in a residential area in the City of San Bruno, California. Safety Recommendations P-10-5 and -6 were issued as urgent recommendations.

P-10-5

Develop an implementation schedule for the requirements of Safety Recommendation P-10-2 (Urgent) to Pacific Gas and Electric Company (PG&E) and ensure, through adequate oversight, that PG&E has aggressively and diligently searched documents and records relating to pipeline system components, such as pipe segments, valves, fittings, and weld seams, for PG&E natural gas transmission lines in class 3 and class 4 locations and class 1 and class 2 high consequence areas that have not had a maximum allowable operating pressure [MAOP] established through prior hydrostatic testing as outlined in Safety Recommendation P-10-2 (Urgent) to PG&E. These records should be traceable, verifiable, and complete; should meet your regulatory intent and requirements; and should have been considered in determining maximum allowable operating pressures for PG&E pipelines.

We understand that, on July 1, 2013, PG&E completed MAOP validation of its transmission pipeline system, comprising approximately 6,750 miles, with these validation components: record search and retrieval efforts, building of pipeline feature lists, and MAOP engineering and validation. We note that you reviewed the PG&E MAOP validation project and confirmed the following:

- The MAOP for transmission pipeline components was established and supported by complete pressure test records in compliance with historical regulatory requirements and best practices.
- Material specifications critical to calculating MAOP of pipeline components were supported by existing records. Conservative engineering-based assumptions were used when those critical material specifications were unsupported by records.
- MAOP validation was conducted in accordance with regulatory requirements, mandates, and Safety Recommendations P-10-2 and P-10-3.

Your April 25, 2014, final report concluded that PG&E's MAOP validation had satisfied state requirements; it also satisfies Safety Recommendation P-10-5, which is classified "Closed—Acceptable Action."

P-10-6

If such a document and records search cannot be satisfactorily completed, provide oversight to any spike and hydrostatic tests that Pacific Gas and Electric Company is required to perform according to Safety Recommendation P-10-4.

We note that you continue efforts to address Safety Recommendation P-10-6 by providing field inspectors at over 65 percent of PG&E *Pipeline Safety and Enhancement Plans* (PSEP) projects in 2013; through review of PG&E PSEP procedures, policies, and records; and through review of PG&E's quarterly PSEP progress reports. We also note that PG&E expects to complete its action to address Safety Recommendation P-10-4 by 2017, and that, with the assistance of a contractor, you will monitor PG&E's associated hydrotests and pipeline replacements. Pending completion of these efforts, Safety Recommendation P-10-6 is classified "Open—Acceptable Response." In consideration of the long-term efforts required to satisfy Safety Recommendation P-10-6, the recommendation is no longer classified as urgent.

P-11-22

With assistance from the Pipeline and Hazardous Materials Safety Administration [PHMSA], conduct a comprehensive audit of all aspects of Pacific Gas and Electric Company operations, including control room operations, emergency planning, record-keeping, performance-based risk and integrity management programs, and public awareness programs.

We understand that, from November 2011 to April 2013, you worked with PHMSA and PG&E, as requested, to complete audits of numerous operations, plans, and programs. During these audits, you emphasized our San Bruno report findings, and extensively reviewed the effectiveness of PG&E's *Public Awareness Plan* and its Transmission Integrity Management program. We also understand that you began working with PG&E to see that they correct the deficiencies that the audits identified.

We are pleased that you believe the audits have proven beneficial to both you and PHMSA. The actions you have completed satisfy Safety Recommendation P-11-22, which is classified “Closed—Acceptable Action.”

P-11-23

Require the Pacific Gas and Electric Company to correct all deficiencies identified as a result of the San Bruno, California, accident investigation, as well as any additional deficiencies identified through the comprehensive audit recommended in Safety Recommendation P-11-22, and verify that all corrective actions are completed.

We note that CPUC is currently adjudicating three formal investigatory proceedings regarding PG&E’s operations: one considering PG&E’s record-keeping practices as they relate to its natural gas pipeline systems; another investigating the operations and practices of PG&E regarding natural gas transmission pipelines in locations with high population density; and a third investigating the operations and practices of PG&E to determine violations of Public Utilities Code Section 451, General Order 112-E, and other applicable standards, laws, rules, and regulations in connection with the San Bruno explosion and fire. We further note that CPUC’s determinations in these investigations will be issued by the end of September 2014 and that CPUC will direct PG&E to correct all the deficiencies identified in the investigations. In the meantime, pending the issuance of these decisions and completion of the recommended actions, Safety Recommendation P-11-23 is classified “Open—Acceptable Response.”

Thank you for your assistance and for your continued efforts to address Safety Recommendations P-10-6 and P-11-23. Please reply electronically with updates regarding your progress at correspondence@ntsb.gov. If your response, including attachments, exceeds 10 megabytes, please e-mail us at the same address for instructions. Please do not submit both an electronic copy and a hard copy of the same response.

Sincerely,

cc: Mr. Paul Clanon
Executive Director
California Public Utilities Commission
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Ms. Denise Tyrrell
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California Public Utilities Commission
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