

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 22, 2008

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

SUBJECT: GO 112-E Audit of Hollister/Milpitas District, March 17-21, 2008

Dear Mr. Carter:

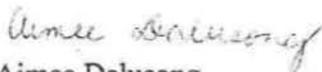
On behalf of the California Public Utilities Commission's Utilities Safety and Reliability Branch, Stephen Artus and I conducted a General Order 112-E audit of Pacific Gas & Electric's Hollister/Milpitas District from March 17-21, 2008.

The audit included review of the records at both the Hollister and Milpitas service terminals for the years 2006 and 2007, and a field inspection of various segments of their gas transmission system. A Summary of Inspection Findings is included with this letter.

Within 60 days of your receipt of this letter, please provide a written response indicating measures taken by PG&E to address the violations and issues/concerns noted.

If you have any questions, you may contact me at (415) 703-2055.

Sincerely,


Aimee Dalusong
Utilities Engineer
Utilities Safety and Reliability Branch
Consumer Protection and Safety Division

Enclosure: (1) Summary of Inspection Findings

Cc: Mr. Stephen Artus, CPSD/USRB
Mr. Rich Arita, PG&E Quality Assurance

SUMMARY OF INSPECTION FINDINGS

A. Areas of Violations

1. 49 CFR, Part 192, Section 192.491 – Corrosion control records

§192.491(c) states:

“Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate...that a corrosive condition does not exist.”

a) Pipe span L-300A, MP 468.97

Our review of cancelled PLM work request ID 129063 created on 9/6/2007 indicated a priority 1 request describing the condition of span as “Pitting is present. Wrapping is not acceptable. Structure is not acceptable.” This PLM request shows as “Cancelled” with no work completion noted. It was explained to us that for a short period after this work request was created, the District was told to use a different work tracking system. As a result, new work requests were created to replace pending PLM requests from the previous work tracking system. Further, they explained that the new work tracking system was discontinued and that they were directed to switch back to the old work tracking system. Since the old PLM request ID 129063 was cancelled, a new request was created as PLM work request ID 135637. PLM work request ID 135637 shows a priority 3 without the original description of pitting and wrapping condition as that indicated in PLM work request ID 129063.

The work request trail described above does not show in detail what was done to address the condition of the span or actions taken that allowed it to be downgraded from a priority 1 to a priority 3.

B. Issues/Concerns

1. L300A, Span at MP 483

During our field survey, we observed cracks and degradation on the pipe wrap and paint on the north end air-to-soil transition of the span. Review of the patrol record for exposed piping and spans dated 5/10/2007 did not have this condition noted for this location.

2. During inspection of PLS 6B in Hollister, we found two ETS at the pressure limiting station. One ETS near the station gate had a marking of MP 436.84, with a pipe-to-soil reading of -1077mV. An unmarked ETS was observed on the opposite side of the station with a pipe-to-soil read of -1202 mV. When asked about the unmarked ETS, the PG&E technician taking the read was uncertain as to which pipe it is connected to.

Also, during field review in Milpitas we observed some ETS locations with either broken lead wires or missing pipeline and mile point ID markings.

Please explain how PG&E maintains its ETS, including specific standard or company practice that addresses their maintenance, to ensure compliance with 192.469 which states:

"Each pipeline under cathodic protection required by this subpart must have sufficient test stations or other contact points for electrical measurement to determine adequacy of cathodic protection."

3. We reviewed PLM work request ID 108201 and 108204 for a leak found on L-300A/B south valves. The work requests were both completed with work performed by individuals from General Construction (GC). However, the names of GC crews that performed the repair work are not specified on the PLM work request. We believe that the repair work performed were covered tasks as defined in 192.801 (b). Without the names of the individuals performing the work, we were unable to verify the qualification of the GC employees.

For instances similar to the above, please explain how PG&E ensure compliance with 192.805(b) which states:

"Ensure through evaluation that individuals performing covered tasks are qualified."



Glen Carter
Director, Gas Engineering
Gas Transmission and
Distribution

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August 1, 2008

Ms. Aimee Dalusong
Utilities Safety and Reliability Branch
Consumers Protection and Safety Division
California Public Utilities Commission
505 Van Ness Avenue, 2nd Floor
San Francisco, CA. 94102-3298

Dear Ms. Dalusong:

State of California – Public Utilities Commission
General Order 112-E Inspection
Milpitas/Hollister Districts

The following is our response to your letter dated May 22, 2008, which transmitted the results of the March 17 – 21, 2008 General Order 112-E Inspection of Milpitas and Hollister Districts.

A. Areas of Violations

1. 49 CFR, Part 192, Section 192.491 – Corrosion control records

§192.491(c) states:

"Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate...that a corrosive condition does not exist."

a) Pipe span L-300A, MP 468.97

Our review of cancelled PLM work request ID 129063 created on 9/6/2007 indicated a priority 1 request describing the condition of span as "Pitting is present. Wrapping is not acceptable. Structure is not acceptable." This PLM request shows as "Cancelled" with no work completion noted. It was explained to us that for a short period after this work request was created, the District was told to use a different work tracking system. As a

result, new work requests were created to replace pending PLM requests from the previous work tracking system. Further, they explained that the new work tracking system was discontinued and that they were directed to switch back to the old work tracking system. Since the old PLM request ID 129063 was cancelled, a new request was created as PLM work request ID 135637. PLM work request ID 135637 shows a priority 3 without the original description of pitting and wrapping condition as that indicated in PLM work request ID 129063.

The work request trail described above does not show in detail what was done to address the condition of the span or actions taken that allowed it to be downgraded from a priority 1 to a priority 3.

PG&E RESPONSE:

Per PG&E's Exposed Pipe Coating Program for CGT-Owned Transmission Lines, pipeline span inspections involve assessment of both exposed piping and air/soil transitions. The exposed piping assessment requires employees to inspect for corrosion, support and paint condition on the exposed section of the span. The air/soil transition assessment requires employees to inspect for corrosion and condition of wrap and paint at the transition where the span enters the ground.

For the air/soil transitions, Pipeline Maintenance (PLM) scheduling program automatically generates a priority 1 work request whenever Pipe Integrity is entered as not being OK. On September 6, 2007, the district's pipeline mechanic, [REDACTED] noticed signs of corrosion underneath the pipe coating near the air/soil transition of the span at MP 468.97A. The pipeline integrity was entered in PLM as not being OK. This automatically generated a work request (WR 129063) and a failure note in the report as "Pitting is present". Work Request 129063 was inadvertently canceled by the local maintenance planner on November 11, 2007.

As a result of this issue, the PLM program was modified as of June 17, 2008 to automatically contact the appropriate Gas Maintenance Supervisor (GMS) via email whenever any transitions & coating work request gets canceled. The GMS will be instructed to review the work request to ensure that it is appropriate to cancel the work request and the reason for canceling is included.

As a result of this CPUC audit, our Supervising Corrosion Engineer inspected the coating condition at MP468.97A on April 24, 2008. Some surface rust was noted at various locations, but there was no pitting present. However, the Corrosion Engineer understands how it could have been mistaken. There was a section on the downstream transition coating where the paint was peeling. It looked like it could be pitting underneath the paint. However, once he cleaned the area up beneath the paint, the pipe wall did not have any corrosion. The corrosion issue is considered non-existent at this span.

During the inspection of the air/soil transition at the MP 468.97A span [REDACTED] also inspected the exposed piping portion of the span and determined that the support is leaning and paint is in poor condition and entered this information on the Exposed Piping and Span Annual Inspections form (F4111C). Based on this information, the Gas Maintenance Superintendent created a work request 135637. Poor condition of paint without the presence of corrosion is rated as a priority 3, which means it will be scheduled beyond 7 days. Budgeting and Prioritizing of exposed pipe re-coating is done centrally by the Corrosion Engineering group.

B. Issues/Concerns

1. L300A, Span at MP 483

During our field survey, we observed cracks and degradation on the pipe wrap and paint on the north end air-to-soil transition of the span. Review of the patrol record for exposed piping and spans dated 5/10/2007 did not have this condition noted for this location.

PG&E RESPONSE:

On April 24, 2008, our Supervising Corrosion Engineer inspected the coating condition at MP483.00A. He rated the condition of the coating as "poor"; however, there are no integrity issues with the span or transition. This is not unusual for the condition of the coating to degrade over a 10 month period.

2. During inspection of PLS 6B in Hollister, we found two Electrolysis Test Stations (ETS) at the pressure limiting station. One ETS near the station gate had a marking of MP 436.84, with a pipe-to-soil reading of -1077mV. An unmarked ETS was observed on the opposite side of the station with a pipe-to-soil read of -1202 mV. When asked about the unmarked ETS, the PG&E technician taking the read was uncertain as to which pipe it is connected to.

Also, during field review in Milpitas we observed some ETS locations with either broken lead wires or missing pipeline and mile point ID markings.

Please explain how PG&E maintains its ETS, including specific standard or company practice that addresses their maintenance, to ensure compliance with 192.469 which states:

"Each pipeline under cathodic protection required by this subpart must have sufficient test stations or other contact points for electrical measurement to determine adequacy of cathodic protection."

PG&E RESPONSE:

To meet the requirement in Standard S4133: Corrosion Control of Gas Transmission Facilities, Attachment 1 (2F) to have one ETS at least every 1 mile where practical; the ETS near the station gate of PLS 6B is used for the official pipe-to-soil of Line 300B. It is marked with "MP 436.84" to ensure that it will be read annually. The second ETS located on the opposite side of the station is used to determine the current span when troubleshooting CP issue associated with the line. Since an ETS is located at two completely different locations inside of the station, it is not unusual to observe different pipe-to-soil readings due to such factors as soil conditions, localized moisture variations, proximity to other substructures, etc. It is not surprising to find different pipe-to-soil potentials at two different locations inside such a cluttered station.

Within the Milpitas/Hollister district as well as many other locations, it is not uncommon to find the ETS posts located in open fields to be broken or caps missing due to cattle or farming activities. If the post is broken, normally the wires are still intact and attached to the pipe. As we conduct annual pipe/soil readings, our employees correct these issues as they are found.

3. We reviewed PLM work request ID 108201 and 108204 for a leak found on L-300A/B south valves. The work requests were both completed with work performed by individuals from General Construction (GC). However, the names of GC crews that performed the repair work are not specified on the PLM work request. We believe that the repair work performed were covered tasks as defined in 192.801 (b). Without the names of the individuals performing the work, we were unable to verify the qualification of the GC employees.

For instances similar to the above, please explain how PG&E ensure compliance with 192.805(b) which states:

"Ensure through evaluation that individuals performing covered tasks are qualified."

PG&E RESPONSE:

PLM Work Requests 108201 and 108204 were created on June 2, 2006. Work Request 108201 was to cut off and remove the old Unibolt flange at the blow off stack at MP 414.80 on TL-300A, and replace it by welding on a 12-inch blind flange. This old Unibolt flange was prone to leakage. The local Gas Control Technician, [REDACTED] was assigned this work request and the OQ skill required was listed as 07-01, Purging of Pipelines – Air Purging. Please see the attached file listing [REDACTED] OQ qualifications. The Operator Qualification sub-tasks involved in this work request consist of: 04-01 – Soap Test/Stand-up Test, 07-01 – Air Purging, 09-02 – Leak Investigation, and 17-01 – Inspect & Maintain Emergency Valves. [REDACTED] was qualified for all of these sub-tasks when this work was performed. [REDACTED] utilized these OQ qualifications to isolate and clear the blow down stack, and continued to monitor the work site while the two GC Welders cut the isolated stack, removed the old flange, fitted and welded on a new 12-inch blind flange. These two Welders, [REDACTED] and [REDACTED] were qualified to weld on the pipeline per CFR 192.227 and PG&E's Gas Standards & Specifications D-30.2. Cutting of pipe with a welding torch and welding on a de-pressurized pipe are not OQ-covered tasks per PG&E's Operator Qualification Basic Plan and does not meet the four-part definition as specified in CFR 192.801. OK

Work Request 108204 was to re-coat the blow off stack at the soil-to-air transition. The OQ skill listed for this work request was 03-02 – Transmission Pipe Coatings. It was assigned to [REDACTED] who in turn arranged for a GC Paint Crew to prep and re-coat the pipe. The GC Paint Crew consisted of [REDACTED] and [REDACTED]. Please see the attached files listing their OQ qualifications.

Although both employees' OQ qualifications have lapsed as of the end of 2006, both were qualified for 03-02 – Transmission Pipe Coatings at the time the work was completed.

A reminder email has been issued on July 7, 2008 to all PLM users that documentation of completed work requests must include all employees' names involved in the work and additional OQ skills that are needed to complete the work be specified on the work request. Also, a Regulatory News Flash program is soon to be implemented and this topic will be included.

If you have any questions concerning this report, please contact Larry Berg at (925) 974-4084.

Sincerely,

/S/
Glen Carter

Attachments

CC: Julian Ajello, California Public Utilities Commission
Raffy Stepanian, California Public Utilities Commission

PG&E
Employee Gap Analysis

Date: 7/7/2008

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Gas Control Technician - Gas Supply

Report Criteria - Corporate ID = [REDACTED] - Job = Gas Control Technician - Gas Supply

Course Code	Course Name	Status	Seq No	Repeat	Completed	Expires
OQ03-02.00	Transmission Pipe Coatings -- All	Subsequent	2	60	9/29/2004	2009
OQ03-03.00	Rectifier Reads	Subsequent	2	60	9/29/2004	2009
OQ03-04.00	Atmospheric Corrosion / Monitor	Subsequent	2	60	9/29/2004	2009
OQ03-05.00	Pipe Inspection	Subsequent	2	60	9/29/2004	2009
OQ03-06.00	Pipe-to-Soil Reads	Subsequent	2	60	9/29/2004	2009
OQ03-10.00	Rectifier Maintenance	Initial	2	24	1/20/2007	2009
OQ03-11.00	T&I for Adequate Electrical Isolation	Subsequent	2	60	9/29/2004	2009
OQ04-01.00	Soap Test / Stand-up Test	Subsequent	2	48	3/29/2005	2009
OQ05-01.00	Mark and Locate Facilities	Subsequent	2	60	9/29/2004	2009
OQ05-02.00	Standby Pipeline	Subsequent	2	60	9/29/2004	2009
OQ07-01.00	Air Purging	Subsequent	2	48	3/29/2005	2009
OQ07-02.00	Gas Purging	Subsequent	2	48	3/29/2005	2009
OQ07-03.00	Inert Purging	Subsequent	2	48	3/29/2005	2009
OQ07-04.00	Air Mover Operations	Subsequent	2	48	3/29/2005	2009
OQ08-01.00	Inspect and Maintain Transmission Line	Subsequent	2	60	9/29/2004	2009
OQ08-03.00	Maintain Line Markers	Subsequent	2	60	9/29/2004	2009
OQ09-02.00	Leak Investigation	Subsequent	2	48	9/30/2005	2009
OQ14-01.00	Maintain / Operate Regulators	Subsequent	2	48	12/7/2005	2009
OQ14-02.00	I & T Pressure Reg. & Limiting Devices	Subsequent	2	48	12/7/2005	2009
OQ15-03.00	Monitor Telemeter &/or PD	Subsequent	2	48	5/17/2005	2009
OQ15-04.00	Inspect & Maintain Electronic Cntrl & Data Systems	Subsequent	2	48	5/17/2005	2009
OQ16-01.00	Test / Maintain Relief Devices	Subsequent	2	48	12/7/2005	2009
OQ17-01.00	Inspect / Maintain Emergency Valves	Subsequent	2	48	9/7/2005	2009
OQ18-01.00	Inspect Vault	Subsequent	2	48	12/12/2005	2009

Corp ID: [REDACTED]

PCC: 10260

Employee Name: [REDACTED]

Org: Gas Transmission - Hollis

PG&E
Employee Gap Analysis

Date: 7/7/2008

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Working Foreman B

Report Criteria - Corporate ID [REDACTED] Job = Working Foreman B

Corp ID: [REDACTED]

PCC: 10476

Employee Name: [REDACTED]

Org: TSM&C Construction - Sac

<u>Course Code</u>	<u>Course Name</u>	<u>Status</u>	<u>Seq No</u>	<u>Repeat</u>	<u>Completed</u>	<u>Expires</u>
OQ03-01.00	Distribution Pipe Coatings -- Tape / Paint		2	48		2006
OQ03-02.00	Transmission Pipe Coatings -- All		2	48		2006
OQ18-01.00	Inspect Vault		2	48		2006

PG&E
Employee Gap Analysis

Date: 7/7/2008

Page: 1

Painter A - GC Field

Report Criteria - Corporate ID = [REDACTED] Job = Painter A - GC Field

Corp ID: [REDACTED]

PCC: 10476

Employee Name: [REDACTED]

Org: TSM&C Insulating & Coatin

<u>Course Code</u>	<u>Course Name</u>	<u>Status</u>	<u>Seq No</u>	<u>Repeat</u>	<u>Completed</u>	<u>Expires</u>
OQ03-01.00	Distribution Pipe Coatings -- Tape / Paint		2	48		2006
OQ03-02.00	Transmission Pipe Coatings -- All		2	48		2006
OQ18-01.00	Inspect Vault		2	48		2006

