

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 13, 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

GA2012-15

SUBJECT: GO 112-E Gas Audit of PG&E's Kettleman District

Dear Ms. Yura:

On behalf of the Consumer Protection and Safety Division (CPSD) of the California Public Utilities Commission, Terence Eng and Alin Podoreanu conducted a General Order 112-E audit of Pacific Gas and Electric Company's (PG&E) Kettleman District (District) from October 8-12, 2012. The audit included a review of the District's operation and maintenance records for the years 2008 through 2011 as well as a representative field sample of the District's 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 cursive script, appearing to read "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 and 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
Richard Echoles, 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 October 8-12, 2012 audit, PG&E provided CPSD its findings from the internal audits it conducted of Kettleman District (District). 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 Table 1.

All of PG&E's Internal Review findings were corrected prior to the start of the CPSD audit.

Table 1. Kettleman District Internal Review Summary

Item	Title 49 CFR Part 192	Topic	Findings	Number of Violations	Year Violation was Discovered
1	192.13(c)	Emergency Valves	Valve maintenance documentation was incomplete	7	2010
2	192.13(c)		Valve records were incomplete	2	2010
3	192.13(c)	Leak Survey	Grade 3 leaks were found missing annual recheck	22	2012
4	192.706		40 miles of leak survey for Line 300 were missing	1	2012
5	192.13(c)	Station Maintenance	V-15 at Baker Tap had an incorrect PLM description on the position indicator	1	2008
6	192.13(c)		SCADA Pak software may be either corrupted or incorrect version	1	2008
7	192.13(c)		Unibolt cap on the blow off stack developed a small leak at fitting	1	2008
8	192.13(c)		"Other Confined Space" sticker was deteriorated and unreadable.	2	2008
9	192.13(c)		Incorrect chains and locks on station valves	2	2008
10	192.13(c)		Several brass tags were missing and incorrectly stenciled valves	Unknown	2008

Table 1. Kettleman District Internal Review Summary (continued)

11	192.13(c)	Station Maintenance	No safety signage on a building that houses wet cell batteries	1	2008
12	192.13(c)		Operating Diagram missing from the maintenance book	1	2008
13	192.13(c)		Operating Diagram missing from the station book	1	2008
14	192.13(c)		Indication of a gas leak at Divisions regulation set near Gas Transmission's crossover valve	1	2008
15	192.13(c)		Obsolete Operating Diagram	1	2008
16	192.13(c)		Valves needed stenciling	8	2008
17	192.13(c)		Forms were incomplete, missing tag #, Bar ID	3	2009
18	192.13(c)		Pipeline Patrol Report was missing the line number	1	2008
19	192.13(c)		Incomplete documentation for span inspection	1	2010
20	192.13(c)		Station OMI review was due and the OMI was not available	1	2010

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, 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 District's Valve Maintenance Cards (e.g. PLS4A: V-4, V-5, V-6, V-C) and determined that it did not complete and include information such as the make, model, pressure rating, and/or serial number. Therefore, the District is in violation of Title 49 CFR, §192.13(c) for not following PG&E Work Procedure WP4430-04, Attachment 1.

ii. PG&E Standard O-16, Section 6-A.-(3), states in part:

"If the CPA restoration work is (or is expected to be) over 60 days, the "CPA Follow-Up Action Plan" form (Attachment B or equivalent) must be used and developed within 60 calendar days from the date the CPA is found below adequate levels of protection, as defined by the current 49 CFR 192, Subpart I."

The cathodic protection for KTCP20200/ETS L-300A, Mile Point 251.34 did not meet the -850 mV criteria as specified in Title CFR Part 192 Appendix D. On 10/8/12, the District recorded a pipe-to-soil potential reading of -759 mV for this section of pipeline. CPSD observed that the Cathodic Protection Area (CPA) Follow-Up Action Plan was developed on 1/24/2011, outside the 60-day timeframe required by PG&E Standard O-16. Therefore, the District is in violation of Title 49 CFR, §192.13(c) for not following PG&E Standard O-16, Section 6-A.-(3).

2. Title 49 CFR §192.145(c) states:

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

CPSD noted that the District did not indicate the pressure rating value on several Valve Maintenance Cards (e.g. PLS4A: V-4, V-5, V-6, V-C). The valves with missing pressure rating values are currently being researched as part of PG&E's MAOP validation project; therefore, the District could not determine if each valve was able to meet its anticipated operating condition. As a result, the District is in violation of Title 49 CFR, §192.145(c). CPSD requests an update on PG&E's MAOP validation project with respect to the valves at this District.

3. Title 49 CFR §192.201 states:

"Each pressure relief station or pressure limiting station or group of those stations installed to protect a pipeline must have enough capacity, and must be set to operate, to insure the following:

(2) In pipelines other than a low pressure distribution system:

(i) If the maximum allowable operating pressure is 60 p.s.i. (414 kPa) gage or more, the pressure may not exceed the maximum allowable operating pressure plus 10 percent, or the pressure that produces a hoop stress of 75 percent of SMYS, whichever is lower."

CPSD observed that the following pressure limiting/relief stations, shown in Table 2, were not set to operate to insure downstream pressure may not exceed the maximum allowable operating pressure plus 10 percent. Both the listed maximum permissible relief set pressure, and more importantly, in some years 'As Left' set pressures were set at over MAOP plus 10 percent. As a result, the District is in violation of Title 49 CFR, §192.201.

Table 2. Non-Compliant Pressure Relief Stations

Station	System	MAOP (psig)	Relief Set Pressure (psig)		Year Highest 'As Left' Set Pressure was recorded	Highest 'As Left' % over MAOP
			Maximum Permissible Recorded	Highest 'As Left' Recorded		
PLS5A	V-299.00A Power Gas	126	144	144	2009, 2010	14.3
PLS5A	V-299.01 Power Gas	126	144	147	2012	16.7
PLS5A	V-3 Power Gas	112	128	150	2011	33.9
PLS5B	V-6 Power Gas	112	128	144	2012	28.6
PLS5B	V-298.99B Power Gas	126	144	142	2012	12.7
PLS5B	V-298.00B Power Gas	126	144	142	2012	12.7

4. Title 49 CFR §192.745(a) states:

"Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year."

CPSD observed that PG&E's 'Valve Maintenance Cards' maintained by the District documented that no partial operation had taken place in 2011 without providing an explanation for the following seven emergency valves:

1. L-190, MP 8.39, V-1
2. L-190, MLV 16.08
3. L-306, MP 43.30
4. L-300B, MP 231.27, V-1
5. L-300B, AKA T-279.63-13, T-280.06
6. L-300B, MP 345.03, V-1
7. PLS5, Valve 299.00A

As a result, the District is in violation of Title 49 CFR, §192.745(a).