



Bill Gibson
Director
Compliance
Gas Operations

6111 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925.328.5799
E-mail: WL3@pge.com

December 5, 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 of PG&E’s Fresno Division

Dear Mr. Bruno:

The Safety and Enforcement Division (SED) of the CPUC conducted a General Order 112-E audit of PG&E’s Fresno Division from May 5 through 9, 2014. On October 23, 2014, the SED submitted their audit report, identifying violations and findings. Attached is PG&E’s response to the CPUC audit report¹.

Please contact Larry Berg at (925) 328-5758 or LMB5@pge.com for any questions you may have regarding this response.

Sincerely,

/S/
Bill Gibson

Attachments

cc: Aimee Cauguiran, CPUC
Dennis Lee, CPUC
Quang Pham, CPUC

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

¹ To the extent, if at all, that SED’s Fresno Division Audit Report pertains to matters that may be determined to be within the scope of the Commission’s November 20, 2014 Order Instituting Investigation and Order to Show Cause directed to PG&E, PG&E reserves the right to supplement its response in the course of that proceeding.

**2014 Fresno Division Audit Attachment
PG&E Responses**

CPUC Finding	PG&E Response	Associated Attachments (File Name)	Future Corrective Action Date
A. PG&E's Internal Audit Findings			
All corrective actions taken prior to the audit	No response required	None	Not Applicable
B. Probable Violations			
<p>1.1 Title 49 CFR §192.605(a) states in part: "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 Work Procedure WP4430-04, Section C. Power-Actuated Valves, states: "Power-actuated isolation and block valves must be inspected, serviced, lubricated, and operated twice each calendar year (at approximate 6-month intervals)." Valve A-35/V-8.91 is identified as a remote operated valve which is required to be inspected at least twice a year. However, the Division has performed inspection on this valve annually. SED has been made aware that Division has since performed a Quality Control review on all remotely controlled power-actuated valve and confirmed that all valves in the Fresno Division are properly scheduled for the semi-annual maintenance as required.</p>	<p>The schedule for Valve 8.91 has been entered in SAP to reflect semi-annual maintenance, and is currently scheduled to be inspected semi-annually. (see attached) As noted, a review by Fresno Division I&R Department determined all other power-actuated valves maintained by Fresno Division I&R have been scheduled per the work procedure.</p>	NOV_1 1_Valve A-35 V-8 91_CONF.pdf	Not Applicable
<p>1.2 Work Procedure WP4430-04, Section B. Manually Operated Valves, states: <i>"If a valve requiring lubrication (all plug valves and ball valves if a positive shutoff cannot otherwise be obtained. Gate valves do not require lubrication.) is not lubricated regularly, it may become inoperable, not shut off adequately when necessary, or develop external valve stem leakage."</i> The following plug valves were not lubricated during annual maintenance as required: Table 2: Distribution Valves without lubrication Line/Station Name Valve No. Dates of Maintenance HWY 168 CE-06 5/13/13, 5/1/14 Fresno Distribution System EJ-03 5/31/12, 5/13/13, 5/2/14 Fresno Distribution System HJ-01 6/28/12, 6/7/13 Fresno Distribution System NR-04 8/21/12, 8/8/13 Table 3: Transmission Valves without lubrication Line/Station Name Valve No. Dates of Maintenance 7212.01 MP 2.52 K-02 11/27/12, 11/4/13 1209-05 MP 4.95 V.B 9/27/12, 9/6/13 1211-04 MP 12.14 V.4 7/26/12, 7/9/13 Coalinga Line MP 12.14 V.3 7/26/12, 7/9/13 Line 1211-04 MP 12.14 V.1 7/26/12, 7/9/13 Line 1203-01 MP 1.29 V.1.29 7/26/12, 7/9/13 1202-19 B.24 5/13/13 1202-19 B.23 5/13/13</p>	<p>10 of the 12 valves listed in Table 2 and Table 3 have been determined to be of a type that does not require lubrication. One valve was excavated and repaired on May 19, 2014, and lubricated on May 30, 2014. One valve has been scheduled for excavation and determination of type, and if necessary, will be fitted for a lubrication fitting extension and lubricated. See attached Valve Maintenance Records. To further clarify whether valves require lubrication, the Valve Maintenance Record Form (TD-4430P-04-F01) has been revised with a Yes/No question for lubrication requirement. (see attached)</p>	NOV_1 2 Manually Operated Valves_CONF.pdf NOV_1.2 TD-4430P-04-F01.pdf	Not Applicable

**2014 Fresno Division Audit Attachment
PG&E Responses**

<p>1.3 Procedure O-16: Corrosion Control of Gas Facilities states: 1.3.1 Section 4: Impressed Current (Rectified) Cathodic Protection Systems, states: "Rectifiers shall be monitored and maintained per Table 1 on Page 7: Distribution and Local Transmission Rectifier Monitoring – Annually" Division did not perform inspection of rectifiers annually not to exceed 15 months as required on the following: -Maintenance on rectifier #73 in CP Area 3932-01 was performed beyond the 15 months requirement in 2012. A date for rectifier maintenance was not recorded in 2011, however the supervisor review for maintenance in 2011 occurred on 02/25/2011. The next rectifier maintenance was performed on 06/26/2012, a period that extended beyond the 15 months requirement. -Maintenance on rectifier #728 in CP Area 3802-02 occurred on 12/31/2012, maintenance was not performed on this rectifier in 2013.</p> <p>1.3.2 Section 6: CPA Restoration states: "If the CPA restoration work is (or is expected to be) over 30 days, the "CPA Follow-Up Action Plan" form must be used and developed within 30 calendar days from the date the CPA is found below adequate levels of protection." The electrolysis test station (ETS) located at S/E corner of San Pedro and Calimyrna (CPA 3802-02) was found to have inadequate level of cathodic protection on 07/20/2012, 09/04/2012, and 11/01/2012. The test station was restored to adequate levels on 11/16/2012. The Division did not create a CPA follow-up action for restoration work over 30 days as required.</p>	<p>1.3.1 As noted, rectifier maintenance for rectifier #73 was performed on June 26, 2012. Rectifier maintenance for rectifier #728 was performed on March 7, 2014. Each rectifier maintained by Fresno Division is now in the SAP maintenance plan for annual maintenance. The SAP tool has managerial controls in place to ensure maintenance work is scheduled and completed within the compliance timeframe.</p> <p>1.3.2 Please see the attached CPA Follow-Up Action Plan for the period when this CPA was found to have inadequate levels of cathodic protection. PG&E apologizes for not making this document available during the audit.</p>	<p>NOV_1 3 2 CPA 3802-02 Action Plan_CONF.pdf</p>	<p>Not Applicable</p>
<p>1.4 UO Standard S5000: Gas Distribution Emergency Shutdown Zones states: 1.4.1 "GD&TS area senior gas engineers are responsible for the following: Reviewing the Emergency Zone Curtailment binder annually. Reviews are to occur not more than 15 months apart." Division did not perform a review of the emergency isolation zones in 2013. Furthermore, the review summary sheet within the emergency isolation zone binder needs to be changed to state that an annual review is a requirement instead of "recommended". 1.4.2 "Mapping supervisors shall be responsible for the following: Updating key maps and valve-location maps in the Emergency Zone Curtailment binder." Valve NR-01 was shown on the emergency zone map as an isolation zone valve but upon further discussion with the Division, it was determined that valve NR-01 is not part of the emergency isolation zone. The emergency zone map needs to be updated to reflect the correct information.</p>	<p>The review of the Fresno Emergency Shutdown Zone Manual was completed on February 20, 2014. The review process will be automated and tracked in SAP and will be included in the next update of the standard. PG&E will be enhancing the process of administering the required reviews and updates to distribution shutdown zones due to changing conditions by making revisions in 2015 in Utility Standard S5000 Gas Distribution Emergency Shutdown Zones. The change has been made on the review summary sheet to read "required" as of 11/4/14.</p>	<p>NOV_1 4 1 EV Summary_CONF.pdf NOV_1.4.2 Zone N Map.pdf NOV_1.4.2 3869-H2 NR- 01.pdf NOV_1.4.2 3869-H2 NR- 01rev.pdf</p>	<p>31-Dec-15</p>
<p>1.5 Utility Work Procedure WP4430-04: Gas Valve Maintenance Requirements and Procedures - Attachment 1 states: "Upon completion of maintenance on a valve, the maintenance supervisor must: Critically review each "Valve Maintenance Record" to ensure that it is accurate and complete. Return the "Valve Maintenance Record" to the person that performed the maintenance to correct errors and omissions." Valve V-JN-05 was serviced on 07/03/2013. Division did not perform a supervisor review for Valve V-JN-05 after completion of maintenance performed in 2013.</p>	<p>Supervisor review was completed on August 5, 2013. The Valve Maintenance Record has been signed and dated for maintenance performed in July 2013. PG&E is migrating to mobile data entry for valve maintenance documentation. This will make documentation of the supervisor's review obsolete. Deployment of the mobile technology is planned in 2015.</p>	<p>NOV_1 5 JN- 05_CONF.pdf</p>	<p>31-Dec-15</p>

**2014 Fresno Division Audit Attachment
PGandE Responses**

<p>1.6 Procedure M-53.3: Verifying the calibration of portable combustible gas indicators, hydrogen flame ionization units, optical methane detectors, and remote methane leak detectors states: "Check the calibration of HFI gas detectors before the first field use in any given week. If the unit is not used and its calibration not checked for any given week, record that the particular unit was out of service for that week. Record this on the "Weekly Calibration Check of Flame Ionization Unit" form...or for RMLDs on the "Monthly Remote Methane Leak Detector Daily Self-Test and Calibration Log" form (Attachment E)." The Division did not calibrate or record the unit was out of service on a weekly basis for the following hydrogen flame ionization (HFI) units: Type Serial # Year Months HFI 7003 2012 Feb, Jun to Dec HFI 1500850005 2012 May to Dec HFI 1500850005 2013 May, July to Dec HFI 1500847010 2012 Feb, Jul to Dec The Division did not calibrate or record the unit was out of service on a daily basis for the following Remote Methane Leak Detector (RMLD) units: Type Serial # Year Months RMLD 8000543009 2012 Apr to Nov RMLD 8000550013 2012 Apr, May, Jul to Sep, Nov</p>	<p>PG&E's process as of mid-2014 includes provisions in SAP to track the status of each instrument on a weekly basis and the SAP notification cannot be closed out until it has been reviewed. The status of leak survey instruments would be to show the calibration within the timeframe required, or show as out of service. Additionally, leak survey maps, an SAP asset unit requiring maintenance, have the leak survey instrument linked to it and cannot be closed out until all fields are populated. Going forward, these required steps in SAP will ensure leak survey instrument calibration and/or confirmation of the unit being out of service is documented.</p>	<p align="center">None</p>	<p align="center">Not Applicable</p>
<p>1.7 Utility Work Procedure WP4540-01: District Regulator Station Maintenance states: "Operating Tests for Regulator Runs: Check the regulator for proper set point and control. Establish the set point of the regulator under flowing conditions using the long/short line technique shown in Attachment 5, "Establishing Pressure Set Points and Checking for Lock-Up for Regulators and Monitors Using the Long/Short Line Technique." The Division failed to record the monitor set points during maintenance in 2013 for district regulator station GS-03 – Fresno Gas Load Center. Thus, SED cannot determine that the regulator station was maintained as required by the work procedure.</p>	<p>The attached District Regulator Station Maintenance Record for 2013 indicates the monitor "As Found" and "As Left" set points for both monitors.</p>	<p align="center">NOV_1 7 Gs-03_FGLC_CONF.pdf</p>	<p align="center">Not Applicable</p>
<p>2.0 Title 49 CFR §192.467(c) states: "Except for unprotected copper inserted in a ferrous pipe, each pipeline must be electrically isolated from metallic casings that are a part of the underground system. However, if isolation is not achieved because it is impractical, other measures must be taken to minimize corrosion of the pipeline inside the casing." SED requested pipe-to-soil and casing-to-soil readings including various follow-up action records for all casing monitoring performed in 2011 and 2012. According to the Division, the SAP system had a printing error and the Division was not able to provide complete 2012 records for review. The Division also has not provided SED with all requested follow-up action records. Since the Division was not able to provide SED with complete records, SED was unable to determine the Division's compliance with this subpart. In the response letter, please provide all casing monitoring records for 2012 and all follow-up action records as requested during the audit.</p>	<p>Please see the attached listing of casing locations in Fresno Division and their 2012 inspection information. For those locations that that indicate a possible contacted casing, they have been added to the Contacted Casing Remediation Program.</p>	<p align="center">NOV_2 Fresno Division Casings 2012_CONF.pdf</p>	<p align="center">Not Applicable</p>
<p>C. Field Review</p>			
<p>1. During the field verification of pipe-to-soil readings, SED noted the following locations to be outside the -850mV requirement: Location Type P/S reading 4245 N Blackstone, Fresno Bi-Monthly -822mV 1351 N Wishon, Fresno 10%er -753mV 749 N Blackstone, Fresno Annual -730mV L-118 on Weber n/o RR tracks, Fresno Carrier Pipe -766mV 3751 N Feland, Fresno Bi-Monthly -508mV</p>	<p>Cathodic protection has been restored to 4 of the 5 locations noted. See attached documentation. The 5th location, 1351 N Wishon, was replaced with a non-corrodible riser.</p>	<p align="center">Field Review 1 Documentation_CONF.pdf</p>	<p align="center">Not Applicable</p>
<p>2. During the field verification of district regulator station B-03 - Cherry Station, the monitor regulator did not take control and required corrective action. The Division has provided SED with the corrective work order; repairs were completed the same day on 05/07/2014.</p>	<p>Please see the attached documentation for the work performed on May 7, 2014, as well as a July 28, 2014 inspection indicating satisfactory regulator and monitor performance.</p>	<p align="center">B03_CherryStation_CONF.pdf</p>	<p align="center">Not Applicable</p>

**2014 Fresno Division Audit Attachment
PG&E Responses**

3. During the field verification of emergency valves, SED noted that an exposed span near transmission valve V-28 in Raisin City Fields had atmospheric corrosion. In the response letter, please confirm if this span is part of the exposed span inspection program and being monitored as required.	This exposed piping is in a vault with valves that are maintained annually. Fresno Division's maintenance plan for this location is being expanded to include the atmospheric corrosion inspection. The piping has been inspected and no atmospheric corrosion, consisting of blistering, peeling, or flaking of metal was observed. A work order has been created to address recoating the pipe.	None	31-Dec-15
4. During the field verification of emergency valves, SED noted transmission valve V-3.79 was hard to turn and required 2 people to operate the valve.	Please see the attached Valve Maintenance Record for V-3.79. The valve was flushed on September 8, 2014 and operates within acceptable torque limits.	Valve Maintenance Record V 3-79 CONF.pdf	Not Applicable
5. During the field verification of exposed spans, SED noted the span at Millbrook and Fountain Way was missing pipeline markers and the paint was in fair condition.	Pipeline warning decals have been placed on this aboveground span. See attached picture. A work order (#42285028) to recoat the aboveground pipe has been created.	Millbrook and Fountain Way.jpg	31-Dec-15
6. During the field verification of customer's meter set, SED observed two locations that required protection from vehicle damage: - 3135 North Weber Ave, Fresno, - 2604 Oak St, Selma	Bollards were installed at both locations on 6/20/14. See attached pictures.	3135 N Weber St Fresno CA pic1.jpg 2604 Oak St Selma pic1.jpg	Not Applicable
7. During the field verification of customer's meter set, SED noted the meter set assembly at 717 E Carmen in Fresno had a vent located near the crawl space of the house. The vent needs to be relocated to a difference location to avoid possible accumulation of gas should the vent relieve gas.	The regulator vent was extended away from the crawl space vent in May 2014. Please see attached picture.	717 E Carmen Fresno.jpg	Not Applicable
8. During the field verification of customer's meter set, SED observed atmospheric corrosion on the meter set assembly at 718 North Arthur Ave in Fresno.	Painting of the meter set was completed on May 9, 2014. See attached picture and completed Field Order.	718 N Arthur Ave Fresno.jpg Arthur completed Field Order.pdf	Not Applicable
D. Recommendations, Observations, and Concerns			
As part of the records review, Division provided SED with printed electronic records from the SAP system for various maintenance activities. In some instances, SED found the electronic records to be incomplete or containing incorrect information. Division explained that some of the errors were transcription error during data entry. Fortunately, during this audit, Division also had hand written paper records as evidence to substantiate the correct information. PG&E must ensure that when using electronic records as the official records for future audits, the data is validated to ensure completeness and accuracy.	PG&E continues to transition from paper copy maintenance records to electronic maintenance records. The systems and software being utilized vary depending on the work function. As these new systems are put into place, PG&E continues to validate asset information in the new systems and makes revisions as required.	None	Not Applicable