

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



February 8, 2016

GI-2015-10-PGE14-02A

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

SUBJECT: General Order 112 Inspection of PG&E's Sierra Division

Dear Mr. Singh:

On behalf of the Safety and Enforcement Division (SED) of the California Public Utilities Commission, Banu Acimis, Wai-Yin Chan and Alin Podoreanu conducted a General Order 112 inspection of Pacific Gas and Electric Co. (PG&E) Sierra Division (Division) from October 12 through 16, 2015.¹ The inspection included a review of corrosion control records for the period of 2013 through 2014. A representative sample of PG&E facilities and right-of-way were also inspected.

A Summary of Inspection Findings (Summary), which contains probable violations and areas of concerns and recommendations identified by SED staff, is included as an attachment to this letter.

Please provide a written response indicating the measures taken by PG&E to address the probable violations and areas of concerns and recommendations within 30 days from the date of this letter. SED will notify PG&E of the enforcement actions it plans to take in regard to each of the violations found during the inspection, pursuant to Commission Resolution ALJ-274, after it has an opportunity to review PG&E's response to the findings included in the Summary.

If you have any questions, please contact Alin Podoreanu at (916) 928-2552 or by email at alin.podoreanu@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 Deniston, PG&E Regulatory Compliance
Larry Berg, PG&E Regulatory Compliance
Mike Falk, PG&E

¹ General Order 112-F was adopted by the Commission on June 25, 2015 via Decision 15-06-044.

SUMMARY OF INSPECTION FINDINGS

A. PG&E's Internal Audit Findings

Prior to the start of the audit, PG&E provided SED its findings from the internal review it conducted of the Division. Some of PG&E's internal review 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). Table 1 lists all of the corrosion control violations that PG&E noted.

Table 1: Sierra Division Corrosion Control Internal Findings Summary

Topic	Code	Finding	Instances	Corrected?
Corrosion Control	192.463	CPA down over 12 months	8	Yes
	192.605(a)	No Action Plan created when required	24	Yes
	192.605(a)	Late Action Plans	2	Yes
	192.13(c)	Maintenance completed late	2	Yes
	192.463	No action taken	3	Yes
	192.605(a)	Casings not monitored annually	8	Pending
	192.805	Carrier Pipe P/S < 100 mV or Casing P/S > 800 mV	3	Yes

SED is aware that PG&E corrected some of its findings prior to SED's audit. Please provide SED an update on the items that were still pending corrective actions as of October 16, 2015.

B. Probable Violations

1. Title 49 CFR §192.475(b) states:

"Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion. If internal corrosion is found—

(1) The adjacent pipe must be investigated to determine the extent of internal corrosion;

(2) Replacement must be made to the extent required by the applicable paragraphs of §§192.485, 192.487, or 192.489; and

(3) Steps must be taken to minimize the internal corrosion."

The Division failed to provide internal corrosion inspection records for leak repair #1113214351 and #1114200061. Please provide SED with the measures taken by PG&E to prevent this violation from recurring.

2. Title 49 CFR §192.605(a) states in part:

"General. 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's Standard O-16, Corrosion Control of Facilities dated March 2009 states in part:

p.10, 6.A.3 CPA Restoration

“If the CPA restoration work is (or is expected to be) over 30 days, the “CPA Follow-Up Action Plan” form (Attachment B) must be used and developed within 30 calendar days from the date the CPA is found below adequate levels of protection, as defined by the current 49 CFR 192, Subpart I.”

SED reviewed cathodic protection area (CPA) records and found that the Division did not develop a “CPA Follow-Up Action Plan” within 30 calendar days from the date the CPA was found to have below adequate levels of protection at the following location listed in Table 2.

Table 2: Late CPA Follow-Up Action Plans

CPA	Date Low CP discovered	Date of Action Plan	Interval (days) between dates
15B013A	5/14/2014	6/22/2015	404

3. Title 49 CFR §192.605(a) states in part:

“General. 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 Utility Procedure, TD-4110P-21 Publication Date: 05/15/2013 states in part:

“1.2 Perform monthly verification of calibration at least once per calendar month, and at intervals not exceeding 45 days.

1.3 Record all required calibration checks on Form TD-4110P-21-F01, “Monthly Verification of the Calibration of Combustible Gas Indicators (CGIs).”

1.4 IF a unit is not in use for a specific month because it is not in calibration or it is broken,

THEN perform the following tasks:

- 1. Tag the unit “out of service” (OOS).*
- 2. Record that the unit is OOS on Form TD-4110P-21-F01.*
- 3. Record the OOS dates on the form.”*

The Division failed to demonstrate it calibrated the following Combustible Gas Indicator (CGI) equipment per PG&E Utility Procedure, TD-4110P-21.

Table 3: Missing Equipment Calibration Records

PG&E Field Office	Equipment Model	Equipment Serial	Missing Calibrations
Marysville	RGI-201	0937-059732	May through September 2015
Marysville	RGI-201	1316-062346	April through September 2015
Marysville	RGI-201	1315-061235	May through September 2015

Marysville	RGI-201	0937-059733	February, May, July and August 2015
Marysville	RGI-201	124-061889	July 2015
Roseville	RGI-201	0937-059734	August through September 2015
Roseville	RGI-201	1243-061888	April through September 2015

Please provide SED with the measures taken by PG&E to prevent this violation from recurring.

4. Title 49 CFR §192.805(b) states in part:

“Each operator shall have and follow a written qualification program. The program shall include provisions to:

(b) Ensure through evaluation that individuals performing covered tasks are qualified;”

SED reviewed qualification records for employees who performed atmospheric corrosion inspections. The Division failed to provide qualification records for Corrosion Control Task Code 03-04.00 Atmospheric Corrosion/Monitor for Southern Cross contractor employee Ken Farly.

Please provide SED with the measures taken by PG&E to prevent this violation from recurring.

C. Areas of Concern and Recommendations

1. Title 49 CFR §192.463(a) states in part:

“Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.”

PG&E and SED conducted field inspections October 14 through 16, 2015 and found the following locations with pipe-to-soil potentials less negative than -850 mV:

Item	Location	P/S Potential (mV)
1	[REDACTED], ROCKLIN	-763
2	[REDACTED], LOOMIS	-827
3	CHURCH AT [REDACTED], LOOMIS	-777
4	[REDACTED], AUBURN	-540
5	[REDACTED], AUBURN	-802
6	[REDACTED], AUBURN	-668
7	[REDACTED], AUBURN	-788
8	[REDACTED], AUBURN	-629
9	[REDACTED], AUBURN	-536
10	[REDACTED], GRASS VALLEY	-540

11	██████████, GRASS VALLEY	-746
12	██████████, GRASS VALLEY	-664
13	COUNTY BLDG WILLOW VALLEY ROAD, NEVADA CITY	-613
14	ETS ██████████, NEVADA CITY	-510
15	██████████, MARYSVILLE	-841
16	██████████, MARYSVILLE	-745
17	██████████, ROSEVILLE	-570
18	██████████, ROSEVILLE	-336
19	██████████	-475
20	██████████, GRANITE BAY	-657
21	██████████, ROSEVILLE	-652

Please provide SED with the measures taken by PG&E to bring the pipe-to-soil potentials at these locations into compliance.

2. Title 49 CFR §192.481(a) states:

“Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

<i>If the pipeline is located:</i>	<i>Then the frequency of inspection is:</i>
<i>Onshore</i>	<i>At least once every 3 calendar years, but with intervals not exceeding 39 months</i>
<i>Offshore</i>	<i>At least once each calendar year, but with intervals not exceeding 15 months”</i>

SED reviewed atmospheric corrosion records and identified approximately 483 locations where records indicated that facilities were not accessed due to locked gates or other circumstances. SED provided PG&E the locations via email on October 13, 2015. SED recommends the Division make prior arrangements to gain entry and inspect these locations on an interval not to exceed 39 months. Please provide SED with an update on how many of the 483 locations have been inspected for atmospheric corrosion, and a plan to inspect the remainder.

3. Please provide SED with status updates on remedial actions for NOV 2.1, NOV 2.2, NOV 3.0, AOC 1.0 and AOC 6.0 documented in CPUC’s 2014 Sierra Division inspection letter.
4. During the SED field inspection, the Division discovered a broken anode wire at ██████████ ██████████, Roseville. Please provide the Division’s plan for corrective action.
5. During the SED field inspection, the Division discovered a tree grown into the meter set assembly at ██████████ ██████████, Roseville (see Figure 1 below). Please provide the Division’s plan for corrective action.



Figure 1 - [REDACTED], ROSEVILLE