



Gas Safety and Reliability Branch Management and Operations Review

Report and Recommendations



GSRB Management and Operations Review

- Project Charter
- Project Methodology and Timeline
- Report and Recommendations
 - Report Structure and Contents
- Report Key Findings
 - GSRB Challenges, Opportunities, and Progress To Date
 - Recommendations, Implementation Steps, and Performance Metrics

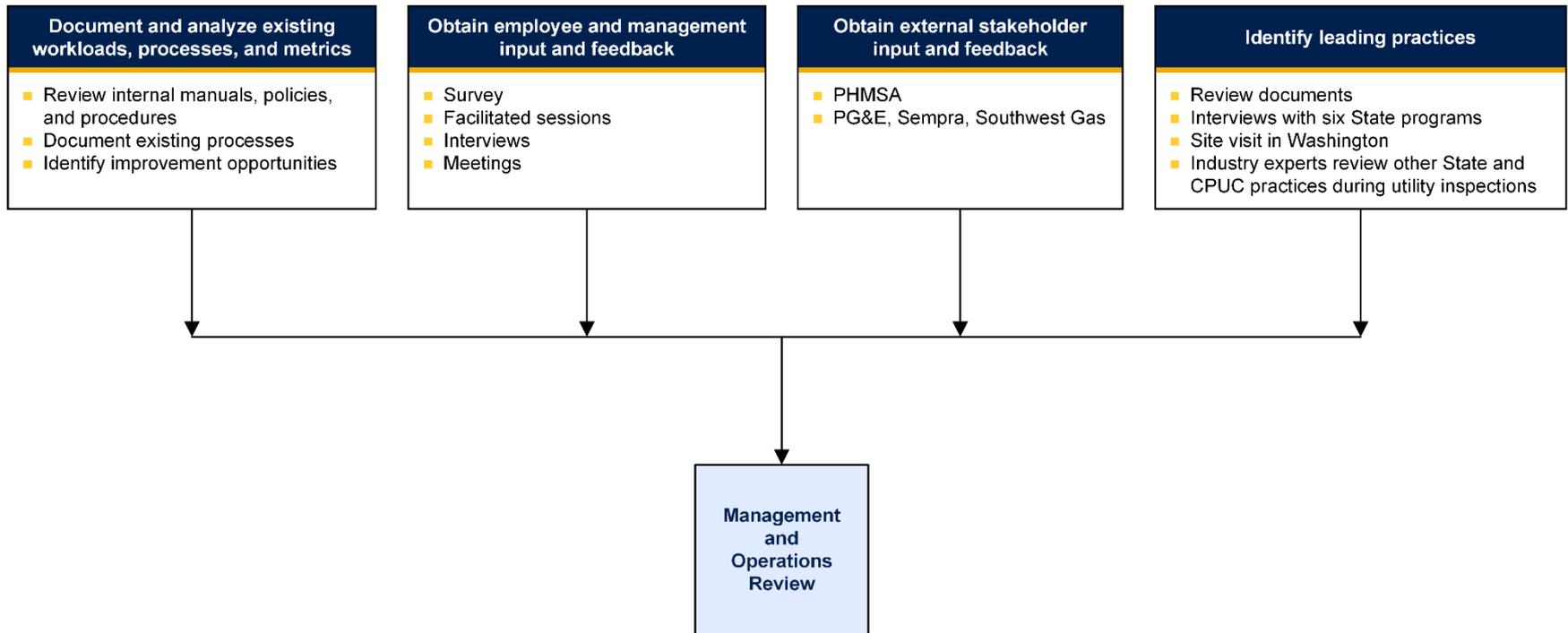
Project Charter

- CPUC's Independent Review Panel (IRP) recommendation:
 - “Undertake an independent management audit of the USRB [now GSRB] organization, including a staffing and skills assessment, to determine the future training requirements and technical qualifications to provide effective risk-based regulatory oversight of pipeline safety and integrity management, focused on outcomes rather than process.”

- Project objectives in Spring 2014:
 - “The goals of the proposed audit will be to
 - 1) Analyze and evaluate GSRB activities in the context of their effectiveness in adhering to existing safety regulations;
 - 2) Provide the CPUC with new ideas, insights, and practical, implementable recommendations; and
 - 3) Develop implementation plans designed to evolve the program into one that is more proactive in addressing gas safety issues.”

Project Methodology and Timeline

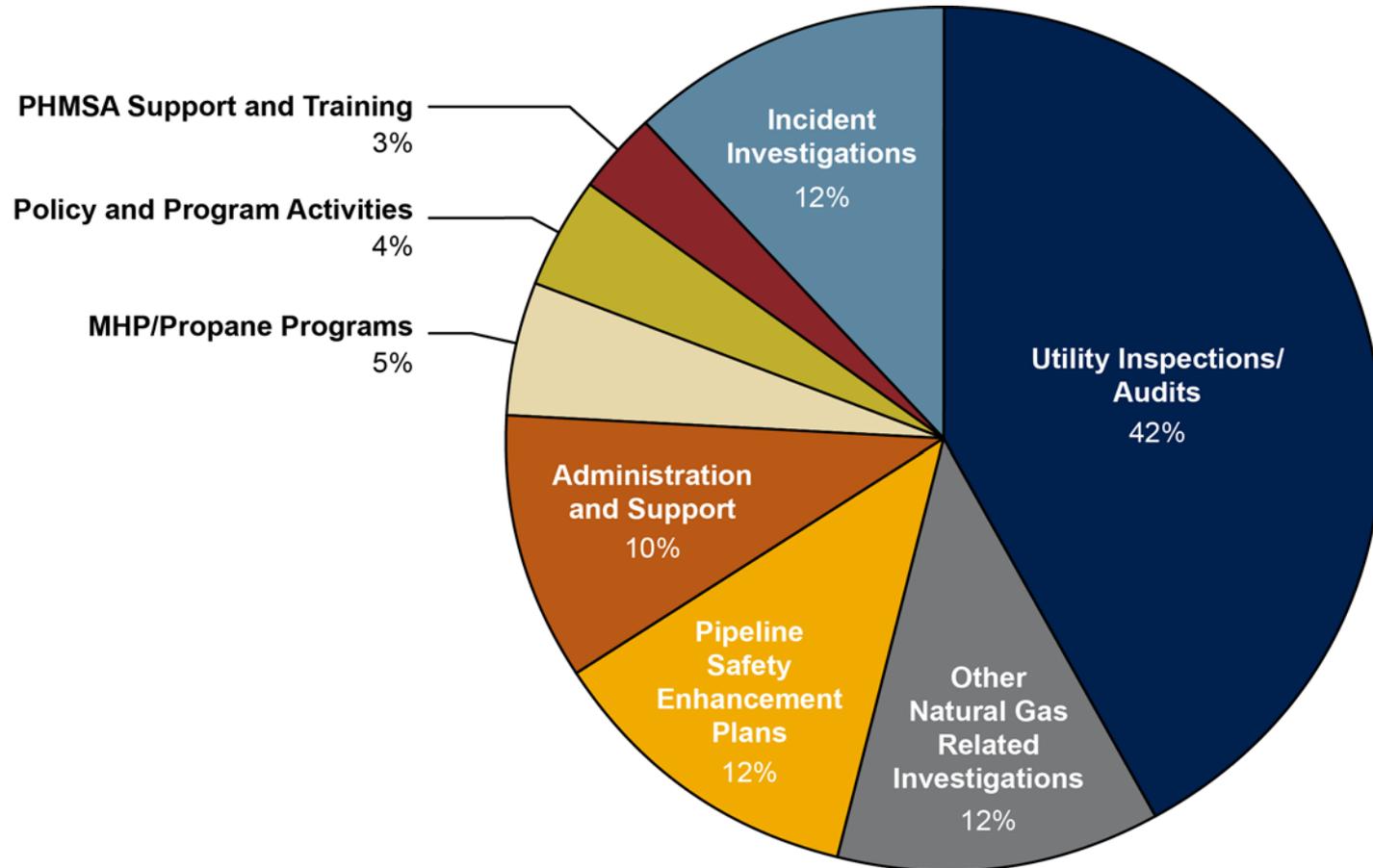
- April 2014-March 2015



Report and Recommendations

- Executive Summary
- Introduction and Approach
- GSRB Challenges, Opportunities, and Progress To Date
- Recommendations, Implementation Steps, and Performance Metrics
 - Utility Inspection Recommendations
 - Incident Investigation Recommendations
 - Work Prioritization, Staffing, and Training Recommendations
 - Technology and Tools Recommendations
 - Communication and Change Management Recommendations
 - Risk Assessment Approach Recommendations

GSRB Roles and Responsibilities



GSRB Challenges and Opportunities

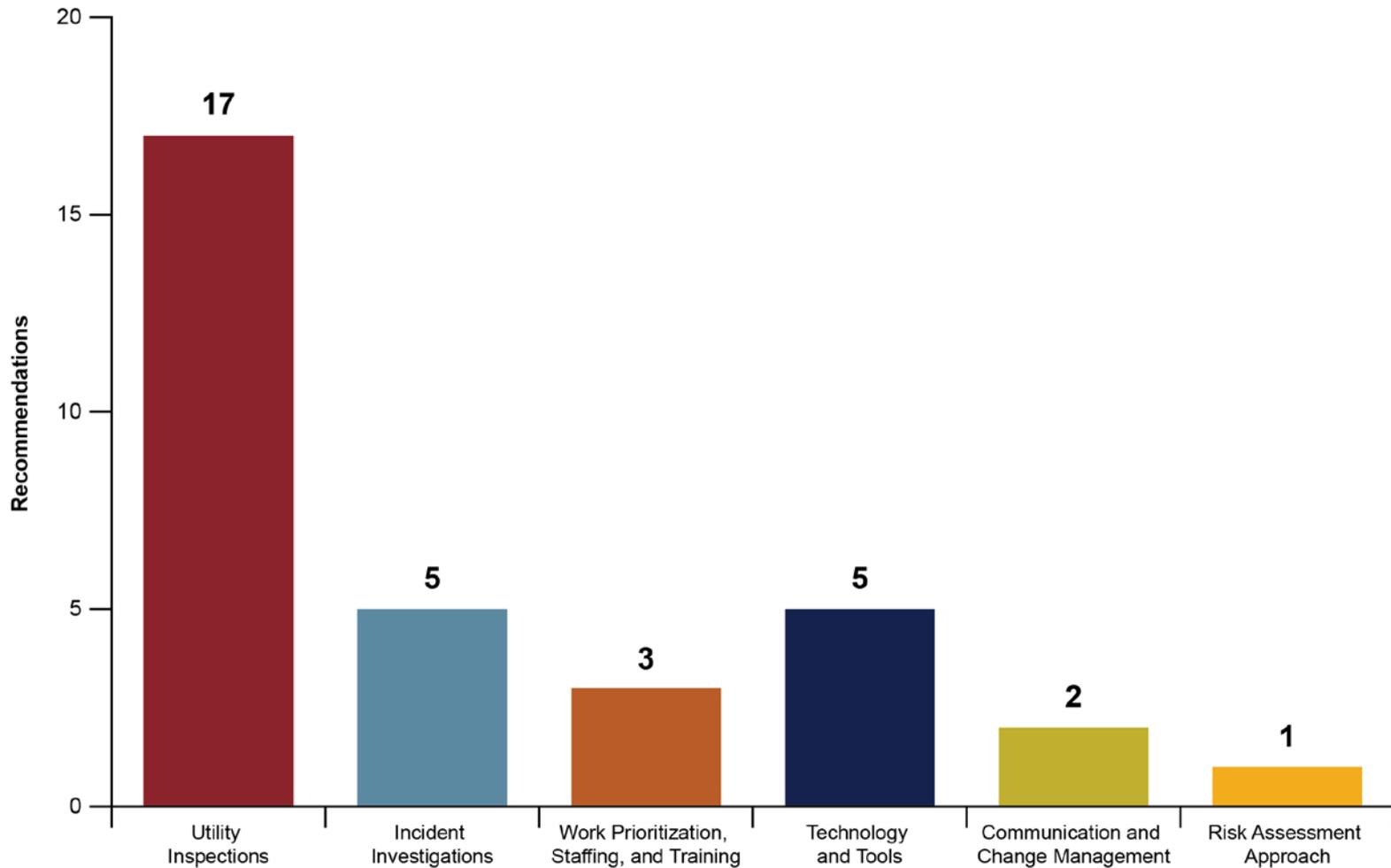
Challenge/Opportunity

- 1 Frequent management changes, shifting priorities, and reactive responses to internal and external recommendations post-San Bruno led to a loss of focus, lack of clear direction, loss of trust in leadership, and unacceptable work backlogs.
- 2 Disparate, cumbersome, and inadequate database systems that are challenging to use and not conducive to organized recordkeeping, identifying and responding to higher risk areas, monitoring progress, or tracking performance.
- 3 Lack of consistency, focus, organization, depth and rigor, adequate recordkeeping, clear expectations, and follow-through in utility inspection practices.
- 4 Delays in completion of utility inspection reports and lack of follow-through on violations, recommendations, observations, and concerns.
- 5 Delays in completion of incident investigation reports and lack of follow-through on violations, recommendations, observations, and concerns.
- 6 Inability to analyze trends, risks, and other safety-related concerns across incidents, utility inspection findings, self-reported violations, and complaints.
- 7 Assignment of staff to multiple tasks without clear prioritization of activities to those with the greatest impact on safety.
- 8 Lack of communication.
- 9 Lack of performance measures, clear expectations, and accountability.
- 10 Mix of staff experience and training does not provide a balance of regulatory, policy, or industry expertise to best support GSRB activities.
- 11 Implementation of new citation program is challenging due to concerns on precedent, legal issues, and lack of clarity and specificity in applying penalties.
- 12 Lack of integration of newly formed Risk Assessment and Enforcement Section.

GSRB Progress To Date

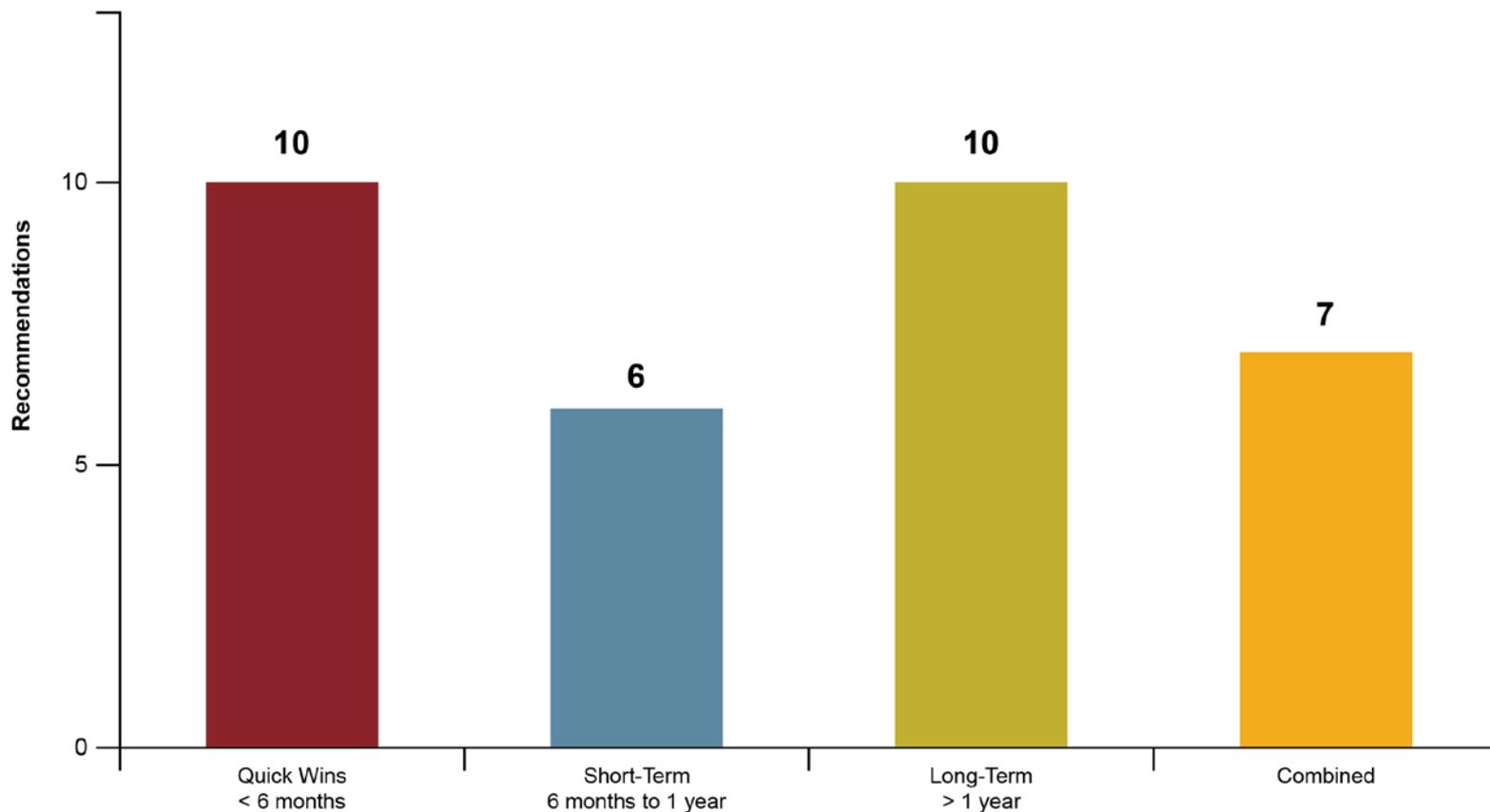
Year	Activities	
2011	<ul style="list-style-type: none"> ■ Split Utility Safety and Reliability Branch (USRB) into Gas and Electric branches ■ Initiated rulemaking proceeding R-11-02-019 to strengthen natural gas safety rules ■ Closed NTSB recommendation P-10-7 on notifications to utilities ■ Required CPUC voting meetings to include safety presentation 	<ul style="list-style-type: none"> ■ Added Utility Engineers ■ Created Risk Assessment and Enforcement Section (RAS) ■ Required utility pressure testing plans ■ Authorized citations by GSRB engineers
2012	<ul style="list-style-type: none"> ■ Developed hazard report (RAS) ■ Required utilities to prepare PSEPs ■ Monitored PSEP activities (ongoing) ■ Added Utility Engineers 	<ul style="list-style-type: none"> ■ CPUC established Safety Council ■ Initiated specialized utility inspections/audits ■ Increased flexibility in MHP/Propane inspections ■ Increased whistleblower protections
2013	<ul style="list-style-type: none"> ■ Reorganized CPUC to create Safety and Enforcement Division (SED) ■ Developed Audit (Utility Inspection) best practices ■ Initiated rulemaking proceeding R-13-11-006 to incorporate risk assessment into general rate cases 	<ul style="list-style-type: none"> ■ Developed a Standard Operating Procedure for Gas Safety Citation Audits ■ Issued over \$8 million in citations ■ Established bi-weekly coordination meetings with Energy Division
2014	<ul style="list-style-type: none"> ■ Prepared Utility Office of Safety and Reliability Annual Plan with goals and metrics ■ Added Supervisor positions ■ Reorganized GSRB to improve reporting and supervisory roles ■ Adopted CPUC Safety Policy Statement ■ Conducted 15 integrity management audits of utilities as of August 2014 	<ul style="list-style-type: none"> ■ Closed NTSB recommendation P-10-5 on PG&E Maximum Allowable Operating Pressure ■ Closed NTSB recommendation P-11-22 to conduct audits of PG&E with PHMSA ■ Evaluated, with RAS, PG&E's risk assessment approach in cost of service proposal ■ Developed improved incident process ■ Developed Self-Identified Violation process ■ Revised approach to utility inspections

Recommendations and Implementation Steps



Recommendations and Implementation Steps

- Timing

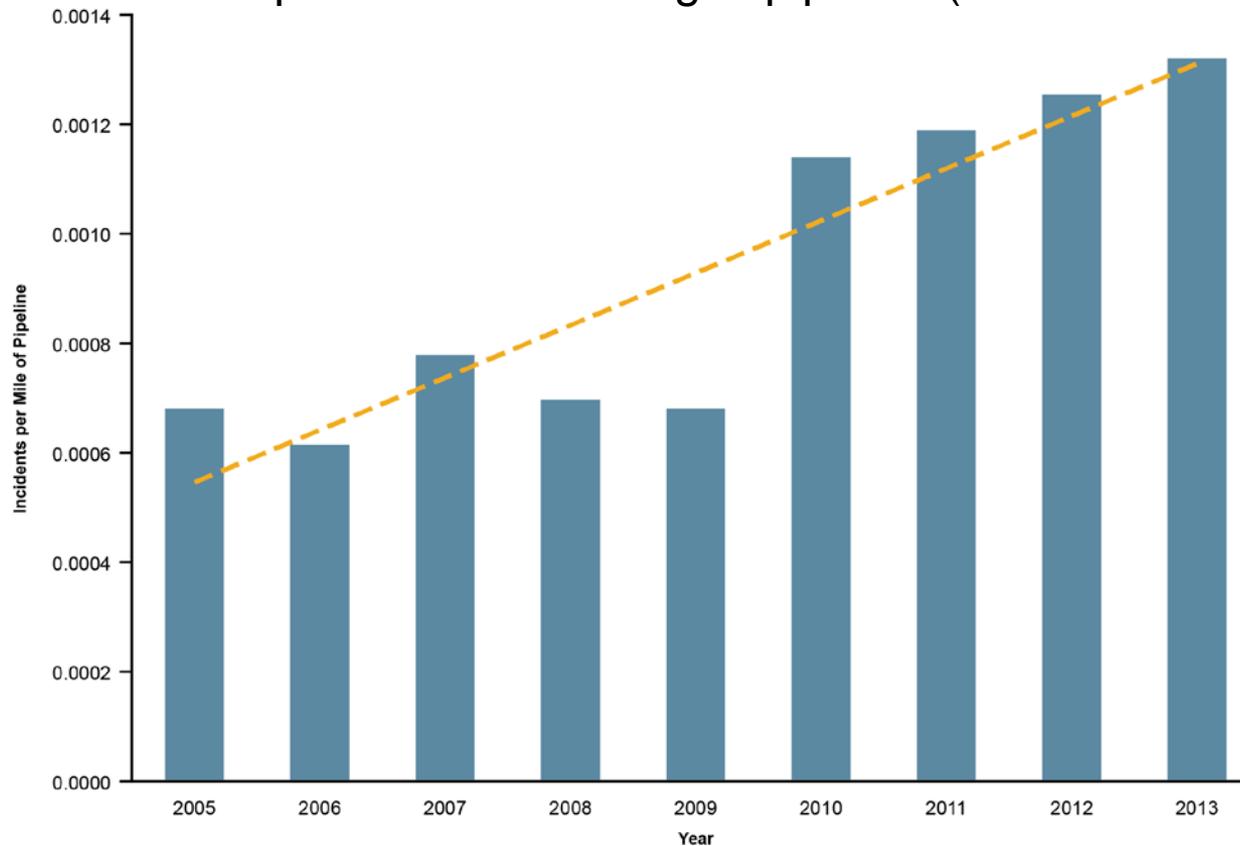


Recommendations and Implementation Steps

- **Priorities**
 - Improving utility inspection performance
 - Upgrading outdated technology
 - Providing risk assessment capabilities
 - Addressing backlogs
 - Prioritizing and focusing work
 - Communicating activities, processes, and goals
 - Increasing PHMSA evaluation score

Performance Metrics

- Recommended 19 performance metrics to track and measures progress
- Example: incidents per mile of natural gas pipeline (2005 to 2013)



Thank you

The report will be available at:

<http://www.cpuc.ca.gov/PUC/safety/Pipeline/>

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