

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 25, 2016

GI-2016-01-PGE29-03

Mr. Sumeet Singh, Vice President
Pacific Gas and Electric Company
Gas Asset and Risk Management
6111 Bollinger Canyon Road, Room 4590-D
San Ramon, CA 94583

SUBJECT: General Order 112 Audit of PG&E's Operations and Maintenance Plans

Dear Mr. Singh:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a General Order 112 audit of PG&E's Operations and Maintenance (O&M) Plans from January 11-15, 2016.¹ SED's findings are noted in the Summary of Inspection Findings (Summary) which is enclosed with this letter. The Summary reflects only those particular records that SED reviewed 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 and observations noted in the Summary. Pursuant to Commission Resolution ALJ-274, SED staff has the authority to issue citations for each violation found during the inspection.

If you have any questions, please contact Sikandar Khatri at (415) 703-2565 or by email at Sikandar.Khatri@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: Dennis Lee, SED
Susie Richmond, PG&E Gas Operations Regulatory Compliance and Risk Analysis
Glen Allen, PG&E Gas Regulatory Support
Mike Falk, PG&E Compliance Gas Operations

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

SUMMARY OF INSPECTION FINDINGS

I. Probable Violations

1. Title 49 Code of Federal Regulations (49 CFR), §192.285(c) states that:

“A person must be re-qualified under an applicable procedure once each calendar year at intervals not exceeding 15 months, or after any production joint is found unacceptable by testing under §192.513”

The above language was incorporated through Amdt. 192-120, 80 FR 12779, Mar. 11, 2015.

The current PG&E procedure D-34, revision #4 dated 02-11-2010 was available during the audit. Section 8 of this procedure states that:

“Individuals who will be performing connections must receive qualification testing under any of the following circumstances:

A. The individual has not previously passed a qualification test.

B. In the past 12 months, the individual has not prepared a specific type of connection for which qualification is required.

C. Three connections or 3% of all connections made by this individual, whichever is greater, for a specific procedure have been found unacceptable per qualification testing performed under the provisions of this numbered document.

D. There is reason to question the individual’s ability to make sound connections.

E. The individual has made three production connections or 3% of any one type that have leaked or failed within any 12-month period, as determined by a leak test, visual inspection, or laboratory analysis.

F. A substantial change in joining procedures has been authorized. Examples of a substantial change include a change in the design of the fusion interface of a fitting, the resin material, the equipment, or the manufacturer’s recommended procedures. Requalification is not required for changes in technique.

When a connection leaks or fails during a pressure test, forward the type of failure, the type of connection, and the name of the person who made the connection to the location where the person’s test report is kept on file. The failure shall be recorded on the person’s test report.”

Section 9 of PG&E procedure D-34 requires annual verification for company employees; however, it does not necessarily include destructive testing.

The above language in PG&E's procedure represents the language of 49 CFR §192.285(c) prior to amendment Amdt. 192-120, 80 FR 12779, Mar. 11, 2015. This amendment became effective October 1, 2015.

PG&E failed to update its procedure following the new amendment. In email correspondence, dated 02/27/2016, PG&E reported that it will issue a bulletin in this regard, and this requirement will also be included in the next iteration of PG&E's qualification procedure for joining plastic pipe. Did PG&E issue a bulletin in February/March 2016? Please provide an update and copy of the bulletin. Also has the procedure been updated?

2. PG&E through its letter dated July 7, 2014 reported that currently it does not track the connection failure rate of employees performing plastic fusion in the field, or whether an employee has conducted this type of connection in the past 12 months. This is required for the implementation of §192.285(c) [as applicable at that time] and as outlined in section 8 of PG&E procedure D-34. In order to overcome the shortcoming, PG&E requalified joiners using both visual inspection and destructive testing.

In order to meet the provisions of the code, PG&E should have started keeping the records after reporting the self-identified violation for future implementation. However, from PG&E's email dated 02/27/2016 it appears that after the special exercise of requalifying the joiners, PG&E has failed to keep the records of plastic pipe joint failures for implementation of §192.285(c) [as applicable at that time]. Please confirm or else if records are available, please provide the same.

3. Through Amdt. 192-120, 80 FR 12779, Mar. 11, 2015, the language of §192.285(c) was changed as outlined in (1) above. This requires that, "A person must be re-qualified under an applicable procedure once each calendar year at intervals not exceeding 15 months, **or** after any production joint is found unacceptable by testing under §192.513". In addition, §192.517(b) requires that each operator must maintain a record of each test required by §§192.509, 192.511, and 192.513 for at least 5 years.

Therefore,

- (a) Has PG&E requalified all his plastic joiners once each calendar year at intervals not exceeding 15 months to meet the requirements of new amended language in the code since its effective date of October 1, 2015? If yes, please provide the record.
 - (b) PG&E through its email dated 02/27/2016 reported that it has not retained records of production joint failures during a leak test, per 49 CFR §192.513. Hence, PG&E failed to keep the necessary records to implement the requirements of §192.285(c) and also meet the requirements of §192.517(b). Please confirm or if else the records are available, please provide the same.
4. SED in its O&M audit in 2014 under NOV 1.1 pointed out that PG&E's procedure TD-4413P-01 does not adequately address the requirements of §191.7(d) because it does not include the requirement to obtain approval from the Pipeline and Hazardous Materials Safety Administration (PHMSA) before an alternate reporting method (e.g. email, fax) can be used, or to contact PHMSA to make arrangements for submitting a report. In response PG&E through its letter dated 11/12/2014 submitted that the procedure will be

revised to report via the DOT Office of Pipeline Safety website in all cases without the option of reporting via alternate methods. Revision to Utility Procedure TD-4413P-01 is targeted for publication by January 31, 2015.

During this audit, SED found that the procedure has not been updated. The review document provided by PG&E did not address the changes required by NOV 1.1. PG&E submitted that it is in the process of update with a target completion date of 03/31/2016. Please provide an update. If the procedure has not been updated, an immediate action is required.

5. SED in its O&M audit in 2014 under NOV 3.5. observed that PG&E's procedure A-38 does not adequately address the requirements of §192.751 because the procedure does not address the need to provide fire extinguishers during purging. PG&E in its response dated 11/12/2014 submitted that Gas Standard A-38, "Procedures for Purging Gas Facilities" will be revised to require fire extinguishers be used during purging. The completion date was 07/31/2015.
SED observed during this audit the procedure has not been updated yet. PG&E submitted that it is in the process of updating the procedure with a target completion date of 12/31/2016. Please provide an update.

II. Areas of Concern/ Observations/ Recommendations

1. A number of documents that have been revised or replaced with new procedure or standard are still referenced in other documents that are currently in use. The examples are:
 - (a) Bulletin 304 in Corrosion Volume 4180M Rev 0 still refers to previous corrosion document O-16 which has been superseded
 - (b) TD-4570P-01 refers to the governing document is TD-4350S. It has been superseded by TD-4570S. Similarly, TD-4580 also refers to TD-4350S
 - (c) WP4350-02 also exists. Does it need to be removed or renamed?
 - (d) Other documents such as S4431, D-40, WP-4170 are also not active, but are referred in different other active documents
 - (e) Outdated documents D-40 and WP4170P-08 are still referenced in a number of current documents
 - (f) Documents A-34, S4112 and S0353 refer to outdated corrosion document O-16.
2. SED in AOC-6 for the PG&E's O&M audit in 2014 pointed out that for standard H-70, provide examples of changes when relief capacity calculations are required in addition to annual capacity calculations. SED during this audit observed that PG&E procedures TD-4430P-02 and S4433 should have the same information. PG&E in response reported that these two documents are planned for cancellation in 2016. Please provide an update.
3. PG&E procedure TD-4430P-04 Gas Valve Maintenance work procedure, Appendix B, section B, Parts 1e and 3 state, "... Gas Engineering periodically reviews each division's application of this criteria ...". SED suggested that it should be more specific about how often this review is performed. PG&E responded that this procedure is being revised in 2016. Requirements of the engineering review described in Attachment B will be expanded upon, including frequency of the review and required documentation. Please provide an update.

4. SED observed that some PG&E documents do not have consistent definition of transmission line. For example, document A-34 incorporates full definition as outlined in 49 CFR §192.3, whereas TD-4540S has only part (1) from the code. PG&E responded that they are planning to introduce one consistent definition that will apply to all processes and procedures. PG&E is currently conducting implementation activities to ensure all facilities covered by the revised definition are in GIS and Work management (SAP) systems to ensure meeting all the transmission line applicable requirements and maintenance frequencies. Please provide an update.
5. SED observed that PG&E documents A-34 and TD-4125S define low pressure distribution system as per 49 CFR §192.3, however, additional clarification included in both documents is inconsistent. On inquiry, PG&E submitted that the next revision to Gas Standard A-34 will not have pressure term definition, and TD-4125S will be the governing guidance document for pressure term definitions. Please provide an update on any changes made.
6. SED observed that some of the operations and maintenance procedures related to plastic pipework are on a 5-year review instead of an annual review. PG&E responded that the procedures TD-4170P-53, TD-4170P-52, TD-4170P-50 will be moved to an annual cycle. Please provide an update.
7. PG&E standard TD-4800S, section 3.1. states, “Report AOCs, unsafe conditions, supervisory control and data acquisition (SCADA) incidents, overpressure events, unusual situations such as blasting, boring operations, heavy equipment crossings, land leveling, construction parallel to and in close proximity to Company facilities, and encroachments.”

SED recommends that PG&E standard should clearly state that how and to whom this information should be reported.

8. SED observed that PG&E’s procedure TD-4413P-01 has the outdated contact information for CPUC in sections 2.4(1) (a) and (b). SED recommends that PG&E should update the CPUC contact information in this procedure and other documents as the person(s) listed as contact person(s) may no longer be affiliated with CPUC’s Gas Safety and Reliability Branch.
9. PG&E’s document A-38 (page 1) refers to federal code §192.727 as a section of CPUC General Order 112. This needs to be corrected.