

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



August 11, 2016

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

GI-2016-06-PGE04-02B

**SUBJECT: General Order 112 Gas Inspection of PG&E's Peninsula Division**

Dear Mr. Singh:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a General Order 112<sup>1</sup> inspection of Pacific Gas & Electric Company's (PG&E) Peninsula Division (Division) on June 6-10, 2016. The inspection included a review of the Division's records for the period of 2014 to 2015, as well as a representative field sample of the Division's facilities in the cities of Millbrae, San Carlos, Redwood City and Half Moon Bay. SED staff also reviewed the Division's operator qualification records, which included field observation of randomly selected individuals performing covered tasks.

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 and pipeline facilities that SED inspected during the inspection.

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.

If you have any questions, please contact Willard Lam at (415) 703-1327 or by email at [wlm@cpuc.ca.gov](mailto:wlm@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: Mike Falk, PG&E Compliance  
Susie Richmond, PG&E Gas Compliance

<sup>1</sup> 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

#### 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 Peninsula Division (Division). Some of PG&E's internal review findings are violations of PG&E's standards, and are therefore violations of Title 49 Code of Federal Regulations (CFR), §192.13(c) or §192.605(a). SED is aware that PG&E corrected some of its findings prior to SED's inspection. Table 1 lists all of the violations from PG&E's internal review.

**Table 1:** PG&E's Internal Review

<b>Code Section</b>	<b># of Non-Compliance</b>	<b>Finding Description</b>	<b>Corrective Action</b>	<b>Remediation Status</b>
192.605(a)	1	Grade 2+ Leak repaired late	Leak repaired 1/26/2015	Completed
192.743(a)	8	Inadequate relief valve capacities for District Regulator Stations	Installed appropriate orifices, remote monitors, and/or larger relief valve	12/31/2016
192.465(a)	21	Annual Pipe-to-Soil (P/S) reads not read once each calendar year or 15 months	Annual P/S reads taken 4/1/2015	Completed
192.465(a)	47	Yearly P/S reads not read once each calendar year	Yearly P/S reads taken 4/1/2015	Completed
192.605(a)	10	Bi-monthly P/S reads not read 6 times a year / 2.5 months	Bimonthly P/S reads taken 3/19/2015	Completed
192.605(a)	8	Action Plans missing or generated late for out of tolerance casings	Engineer entered casings into risk ranking on 10/16/2014	Completed
192.605(a)	4	Missed casing assessments		
192.605(a)	7	Missed maintenance for the casings without leads	Maintenance Notifications created on 3/19/2016 to maintain the casings	Completed
192.705(b)	1	Missed Pipeline Patrol	Area patrolled on 1/19/2016	Completed
192.605(a)	2	Deactivated service risers not cut off within 15 days of discovery	Cut offs completed 8/6/15 and 8/27/2015	Completed
192.605(a)	1	1990 Service main incorrectly designated as private customer line however confirmed as PG&E asset	6/15/2012 Leak Survey and atmospheric corrosion inspections performed with no issues. Pressure test and document update scheduled.	4/31/2016
192.605(a)	1	Tapping tee being used in lieu of the inlet pinoff tee is underrated	Tee and small portion of pipe are to be replaced. Permanent regulator station upgrade in planning phase.	4/31/2016

SED is aware that the Division may have completed some of the items by the time of this letter. Please provide an update on the corrective status on the items that were pending as of June 10, 2016.

## B. SED Findings

### 1. Title 49 CFR §192.745(a) states in part:

*“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.”*

During a review of the Division’s valve maintenance records, SED discovered that the Division failed to inspect and partially operate an emergency transmission line valve within the 15 month interval required by 49 CFR §192.745(a). The Division commissioned Valve-503 of Line 109 on 5/29/2013 but did not perform maintenance until 12/5/2014, exceeding 15 months required to be in compliance.

### 2. 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.”*

2.1 Utility Standard TD-4540S, Table 2, Maintenance Schedule, requires in part that Large Volume Customer regulator set facility types must have Class A Inspections performed:

*“At least once each calendar year, at intervals not to exceed 15 months to the date of the previous Class A or Class B inspection.”*

While reviewing the Division’s regulator maintenance records, SED discovered that Large Volume Customer (LVC) High Pressure Regulator (HPR) set FM B015-A was required to have an annual Class A maintenance performed, per PG&E Utility Standard TD-4540S. The HPR set was discovered to still be on a five year inspection schedule, having its last inspections performed in 2010 and 2015. The Division failed to adhere to §192.605(a) when it exceeded the annual Class A inspection interval required by PG&E Utility Standard TD-4540S.

Additionally, access to the HPR set was not available due to overgrown vegetation.

In addition to your response to the code violation, please provide SED with an update on the Division’s progress on establishing permanent clear access to HPR set FM B015-A.

## **II. Areas of Concern/ Observations/ Recommendations**

1. During a field visit to district regulator R-166 Larkspur and HWY 280, SED observed the regulator fail to achieve lock-up during inspection. The PG&E crew rebuilt the regulator by isolating the unit and replacing the internal rubber diaphragm. Regulator R-166 was able to achieve lock-up after the new diaphragm was installed. A PG&E crew member inspected the old diaphragm and attributed the failure to sulfur build up on the rubber surface. On 6/22/2016, the Division installed a sulfur filter on the regulator and monitor pilots to improve operation.

Additionally, district regulator R-166 appeared to have atmospheric corrosion downstream on the working regulator. On 6/22/2016, the Division cleaned up the downstream outlet valve and painted the pipe. The Division currently has a work order to repaint the entire regulator station. Please provide SED with the status of the station repaint work order.

2. During a field visit to Regulator R-158 Millbrae and Bayshore, SED discovered the warning labels for the station were out of date and the station diagram posted was multiple revisions out of date. A PG&E crew member replaced the station diagram with a current version during our field visit. On 6/13/2016, the Division replaced the outdated warning labels. This serves as a record of SED's observation.