

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 20, 2020

GI-2020-08-PGE-29-08

Ms. Christine Cowsert, VP, Gas Asset Management and System Operations
Pacific Gas and Electric Company
6121 Bollinger Canyon Road
San Ramon, CA 94583

SUBJECT: General Order 112-F Inspection of PG&E's Transmission Integrity Management Program – HCAs
and other Miscellaneous Items

Dear Ms. Cowsert:

On behalf of the Safety and Enforcement Division (SED) of the California Public Utilities Commission, Paul Penney and Yi Yang conducted a General Order 112 inspection of Pacific Gas & Electric Company's (PG&E) Transmission Integrity Management Program (TIMP) August 3-7, 2020 and August 10-14, 2020. The inspection included a review of procedures and records related to the Transmission Integrity Management Program (TIMP) Inspection Assistant (IA) question set, which was focused on High Consequence Areas (HCA) questions and other miscellaneous items.

SED's findings are noted in the Post-Inspection Written Preliminary Findings (Summary) which is enclosed with this letter. The summary reflects only those procedures and records that SED inspected during the inspection. SED discovered one violation and one concern 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 violation and concern noted in the Summary.

If you have any questions, please contact Paul Penney at (415) 703-1817 or by email at Paul.Penney@cpuc.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Terence Eng'.

Terence Eng, P.E.
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division

Enclosure: Post-Inspection Written Preliminary Findings

cc: Susie Richmond, PG&E,
Dennis Lee (Dennis.Lee@cpuc.ca.gov), SED/GSRB,
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Kelly Dolcini (Kelly.Dolcini@cpuc.ca.gov), SED/GSRB

Post-Inspection Written Preliminary Findings

Unsatisfactory Results

Integrity Management : Continual Evaluation and Assessment (IM.CA)

Question Text Is the process for establishing the reassessment intervals consistent with 192.939 and ASME B31.8S-2004?

References 192.937(a) (192.939(a), 192.939(b), 192.913(c))

Assets Covered TIMP System Wide Audit (TIMP (HCA +))

Issue Summary

VIOLATION:

While reviewing assessment records related to dynamic DC interference (Data Requests #32 and #36), SED staff noted that PG&E is still establishing assessment due dates for newly identified threats based on when the new threat was identified. This is contrary to 192.937(a) requirements unless a Confirmatory Direct Assessment (CDA) is done within the seventh year as specified in 192.939. PG&E is therefore in violation of 192.937(a) and 192.937(c).

From the 2017 TIMP audit, SED staff noted that PG&E was establishing independent threat ID dates for newly identified threats (See Appendix A: the attached section of the 2017 letter addressing this topic), and establishing assessment due dates based on this date. This means an assessment for all threats could extend beyond the seven calendar year maximum interval without doing a CDA.

SED staff believes all threats must be assessed within seven calendar years. Extending the assessment due date is only allowable if PG&E conducts a CDA within the seventh year as spelled out in 192.939 and further clarified in FAQ #40. SED staff believes PG&E's failure to follow the requirements of 192.937(a) stems from a difference in interpretation of 192.937(a) and 192.937(c).

Please provide a plan for bringing PG&E's integrity assessments into compliance with 192.937(a) and 192.937(c) to ensure all threats are integrity assessed within the time frames specified in 192.939. In other words, all threats must be assessed for an integrity assessment to be considered complete.

Concerns

Integrity Management : High Consequence Areas (IM.HC)

Question Text Does the process for identification of identified sites include the sources listed in 192.905(b) for those buildings or outside areas meeting the criteria specified by 192.903 and require the source(s) of information selected to be documented?

References 192.903 (192.905(b))

Assets Covered TIMP System Wide Audit (TIMP (HCA +))

Issue Summary

CONCERN:

This item is pending PG&E's updated process for identifying "Identified Sites." This is the result of a process discrepancy found as a result of the Lafayette Safety Task Force finding the Girl Scout Camp was not identified by PG&E to be an "identified site".

Appendix A

Excerpt from the 2017 Audit Closure Letter

F.04.b. For pipelines operating at or above 30% SMYS, verify that the operator meets the following requirements:

- i. If the operator establishes a reassessment interval greater than seven (7) years, a confirmatory direct assessment (refer to Protocol G) must be performed at intervals not to exceed seven (7) years followed by a reassessment at the interval established by the operator (refer below). [§192.939(a)]...

Issue Identified

Concern: PG&E personnel stated that when a new threat is identified, PG&E gives itself 10 years to assess the segment for that new threat from the date the threat is identified. Further, PG&E decouples the assessment due date from the established assessment due date for other threats. This could extend the reassessment interval beyond 7 years, and depending on the new threat identified for a segment, PG&E could extend the reassessment cycle through an impermissible method.

While Part 192, Subpart O is silent on the addition of newly identified threats to an already existing HCA segment that has been baseline assessed, SED staff does not believe PG&E's method of incorporating new threats is allowable unless Part 192.939(a) is followed in incorporating a new baseline assessment for the new threat. This code section states:

(a) Pipelines operating at or above 30% SMYS. An operator must establish a reassessment interval for each covered segment operating at or above 30% SMYS in accordance with the requirements of this section. The maximum reassessment interval by an allowable reassessment method is seven years. If an operator establishes a reassessment interval that is greater than seven years, the operator must, within the seven-year period, conduct a confirmatory direct assessment on the covered segment, and then conduct the follow-up reassessment at the interval the operator has established. A reassessment carried out using confirmatory direct assessment must be done in accordance with §192.931. The table that follows this section sets forth the maximum allowed reassessment intervals... [Underline Added]

Assessment method	Pipeline operating at or above 50% SMYS	Pipeline operating at or above 30% SMYS, up to 50% SMYS	Pipeline operating below 30% SMYS
Internal Inspection Tool, Pressure Test or Direct Assessment	10 years ⁽¹⁾	15 years ⁽¹⁾	20 years. ⁽¹⁾
Confirmatory Direct Assessment	7 years	7 years	7 years.
Low Stress Reassessment	Not applicable	Not applicable	7 years + ongoing actions specified in §192.941.

This means that PG&E must do an assessment once every seven years by an allowable method.

There are multiple ways that PG&E can extend the reassessment cycle beyond seven actual years. The first way is for PG&E to use 192.939(a) to extend the reassessment cycle beyond seven years by using Confirmatory Direct Assessment (CDA) in the seventh year. Therefore, PG&E could assess for newly identified threats, on a period of 10 years with the caveat that PG&E would need to do a CDA at year 7. An extended reassessment cycle (i.e., greater than

7 years) for a new threat should be consistent with risk identified in doing the evaluation required by 192.937(b).

This is also consistent with PHMSA's FAQ-40 (Frequency of Assessments). The question and answer are as follows:

How often must periodic integrity assessments be performed on HCA pipeline segments after the baseline assessment is completed?

Assessments of some kind must be performed at intervals no longer than seven years. Assessments for all threats must be performed using in-line inspection, pressure testing, direct assessment, or "other technology" within the maximum intervals specified in 192.939, which vary based on operating stress levels. (Operators whose integrity management programs satisfy the criteria for "exceptional performance" in 192.913 can establish longer intervals for these assessments, based on their risk assessments). Seven-year assessments conducted within those maximum intervals (if the maximum interval exceeds 7 years) can be performed using confirmatory direct assessment or, for low-pressure pipelines, the methods specified in 192.941.

The second way to extend the reassessment cycle is a result of the "Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011." This is covered in FAQ-41. The question and answer are as follows:

FAQ-41. Does the requirement that gas pipeline operator establish assessment intervals not to exceed a specified number of years mean calendar years (i.e., pipe assessed in 2004 must be re-assessed during 2011) or actual years? [06/09/2004] [Revised 02/22/2016]

Re-assessments must be conducted in accordance with an operator's procedures for determining the appropriate reassessment interval. Prior to the enactment of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, the maximum interval was set using actual years from the date of the previous assessment. Effective January 3, 2012, this was modified such that the maximum interval may be set using the specified number of calendar years. For example, a pipe segment assessed on March 23, 2004 with a seven year interval must be re-assessed before December 31, 2011, using at least confirmatory direct assessment. This segment would need to be re-assessed using one of the methods specified in the rule before December 31, 2014, December 31, 2019 or December 31, 2024, depending on its operating stress (see § 192.939). Note that this change from actual years to calendar years is specific to gas pipeline reassessment interval years and does not alter the actual year interval requirements which appear elsewhere in the code for various inspection and maintenance requirements.

This could result in an extension of the assessment cycle up to almost eight actual years depending on PG&E's needs. The foregoing analysis is for pipeline segments operating at or above 30% of SMYS.

Request: Please provide a report to SED staff on this topic during the next integrity assessment scheduled for March of 2018.

PG&E's Response:

PG&E continues to follow the requirements of 192.939, sections of ASME B31.8S-2004 (incorporated by reference) and PHMSA FAQs, including the performance of integrity assessments on covered segments at the required intervals. PG&E will provide a more detailed update on the approach to performance of baseline assessments for newly identified threats on existing HCAs during the next audit, scheduled for March 19th, 2018.

SED's Conclusion:

Per SED's request, PG&E provided an update on this issue during the 2018 TIMP audit. It is SED's understanding that PG&E agrees with SED's conclusion regarding performance of baseline assessments for newly identified threats on existing HCAs, and that they must be done with the framework of 192.939.

F.04.c. For pipelines operating < 30% SMYS, verify that the operator selects one of the following reassessment approaches:

Reassessment by pressure test, internal inspection or other equivalent technology following the requirements in §192.939(a)(1) except that the stress level referenced in §192.939(a)(1)(ii) would be adjusted to reflect the lower operating stress level. However, if an established interval is more than seven (7) years, the operator must conduct at seven (7) year intervals either a confirmatory direct assessment in accordance with §192.931, or a low stress reassessment in accordance with §192.941. An operator must use the test pressures specified in ASME B31.8S-2004, Section 5, Table 3, to justify an extended reassessment interval in accordance with §192.939.[§192.939(b)(1)]