



Michael Falk
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March 9, 2016

Mr. Ken Bruno
Gas Safety and Reliability Branch
Safety and Enforcement Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: State of California – Public Utilities Commission
General Order 112 Audit – PG&E’s Sierra Division

Dear Mr. Bruno:

The Safety and Enforcement Division (SED) of the CPUC conducted a General Order 112 audit of PG&E’s Sierra Division from October 12-16, 2015. On February 8, 2016, the SED submitted their audit report, identifying violations and findings. Attached is PG&E’s response to the CPUC audit report.

Please contact Larry Berg at (925) 328-5758 or lmb5@pge.com for any questions you may have regarding this response.

Sincerely,

/S/
Michael Falk

Attachments

cc: Banu Acimis, CPUC
Aimee Cauguiran, CPUC
Wai-Yin Chan
Dennis Lee, CPUC
Alin Podoreanu, CPUC

Larry Deniston, PG&E
Sumeet Singh, PG&E
Susie Richmond, PG&E

2015 Sierra Division CPUC Audit Responses

CONFIDENTIAL – Provided Pursuant to P.U. Code §583

Finding Type [Internal, NOV, AOC]	Finding #	Finding	Response	Associated Attachment (File Name)																																								
Internal Review Findings		<p>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.</p> <p>Table 1: Sierra Division Corrosion Control Internal Findings Summary</p> <table border="1"> <thead> <tr> <th>Topic</th> <th>Code</th> <th>Finding</th> <th>Instances</th> <th>Corrected?</th> </tr> </thead> <tbody> <tr> <td>Corrosion Control</td> <td>192.463</td> <td>CPA down over 12 months</td> <td>8</td> <td>Yes</td> </tr> <tr> <td></td> <td>192.605(a)</td> <td>No Action Plan created when required</td> <td>24</td> <td>Yes</td> </tr> <tr> <td></td> <td>192.605(a)</td> <td>Late Action Plans</td> <td>2</td> <td>Yes</td> </tr> <tr> <td></td> <td>192.13(c)</td> <td>Maintenance completed late</td> <td>2</td> <td>Yes</td> </tr> <tr> <td></td> <td>192.463</td> <td>No action taken</td> <td>3</td> <td>Yes</td> </tr> <tr> <td></td> <td>192.605(a)</td> <td>Casings not monitored annually</td> <td>8</td> <td>Pending</td> </tr> <tr> <td></td> <td>192.805</td> <td>Carrier Pipe P/S < 100 mV or Casing P/S > 800 mV</td> <td>3</td> <td>Yes</td> </tr> </tbody> </table> <p>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.</p>	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	<p>The pending corrective actions for the pending internal review findings (as of Oct 16, 2015) have been completed and are listed below.</p> <p>1) <u>Casings not monitored Annually</u> – Upon investigation of the finding of 8 casing locations not being monitored annually, 6 locations could be accurately validated and are reported below. Two locations were incorrectly noted as findings.</p> <p>42710843 Casing monitored 10/20/2015 -1047 mV P/S and -408 mV C/S. This casing location is in the SAP maintenance plan for annual monitoring by Sierra Corrosion Dept.</p> <p>41399125 Casing removed from field. This casing location has been removed from the SAP maintenance plan for annual monitoring.</p> <p>41388544 Casing Without Lead. A monitoring notification has been created in SAP to assign this casing location to a consultant and managed by Corrosion Engineering Dept.</p> <p>41413138 Casing removed from field. This casing location has been removed from the SAP maintenance plan for annual monitoring.</p> <p>41420114 Casing removed from field. This casing location has been removed from the SAP maintenance plan for annual monitoring.</p> <p>41413217 Casing Without Leads. A monitoring notification has been created in SAP to assign this casing location to a consultant and managed by Corrosion Engineering Dept.</p> <p>2) <u>Reference electrode not checked Quarterly</u>- Unit M-10 has been removed from service. All Sierra Division corrosion instruments, including reference electrodes, have been entered into the SAP maintenance plan as of 2/1/2016 to ensure their calibration checks are completed and documented as specified in procedure TD-4180P-202.</p>	
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NOV	1	<p>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.”</p> <p>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.</p>	<p>PG&E’s internal corrosion control standard, TD-4186S Section 1.2, published in July 2014, specifies the requirements to inspect the internal surface of the pipeline whenever it is exposed. See attached "TD-4186S.pdf". In addition, a 5-Minute Meeting was generated to reinforce to all construction personnel of the requirement to fill out the Internal Inspection portion of the A-form whenever the inside surface of the steel pipe is visible, and also to reinforce that all employees qualified for 03-05, ("Pipe Inspection"), are qualified to perform this inspection. This 5 Minute Meeting was issued on August 10, 2015. Refer to the attached "5MM A Form Internal Inspection_CONF.doc".</p>	<p><i>TD-4186S.pdf</i> <i>A-Form Job Aid.pdf</i> <i>5MM A Form Internal Inspection_CONF.pdf</i></p>																																								

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NOV	2	<p>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.</p> <p>Table 2: Late CPA Follow-Up Action Plans</p> <table border="1" data-bbox="326 721 1370 782"> <thead> <tr> <th>CPA</th> <th>Date Low CP discovered</th> <th>Date of Action Plan</th> <th>Interval (days) between dates</th> </tr> </thead> <tbody> <tr> <td>15B013A</td> <td>5/14/2014</td> <td>6/22/2015</td> <td>404</td> </tr> </tbody> </table>	CPA	Date Low CP discovered	Date of Action Plan	Interval (days) between dates	15B013A	5/14/2014	6/22/2015	404	<p>This CPA was first discovered "down" on 9/4/2013 and a paper version of the CPA Action Plan was initiated 11/8/2013 with monthly updates through 12/20/2014. SED notes a date of low CP discovered to be 5/14/2014 because the potentials had gone above -850mV in March 2014, however PG&E continued to take action throughout this period because the issue persisted. (See attached page 14 of “2013 2014 CPA 15B013 Annual Reports_CONF.pdf”) Starting 4/1/2015, the CPA Action Plan was completed electronically in SAP. See page 3 of attached file "NOV-2 CPA 15B013_CONF.pdf". Sierra Division Corrosion Department continues to utilize SAP to update job status and to document CPA Action Plans. PG&E Bulletin, TD-4001B-003 (see attached) allows for the transition of paper documentation of maintenance to electronic, and CPA Action Plans are now documented electronically in SAP.</p>	<p>2013 2014 CPA 15B013 Annual Reports_CONF.pdf NOV-2 CPA 15B013_CONF.pdf TD-4001B-003.pdf</p>
CPA	Date Low CP discovered	Date of Action Plan	Interval (days) between dates									
15B013A	5/14/2014	6/22/2015	404									
NOV	3	<p>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.</p> <p>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</p> <p>Please provide SED with the measures taken by PG&E to prevent this violation from recurring.</p>	<p>A revision to TD-4110P-21 (see attached) was published on 9/23/2015 and has been reviewed by Sierra Division personnel responsible for performing calibration checks on CGIs. The procedure emphasizes the use of a monthly SAP notification to complete the instrument calibration verification and documentation, including documenting if the unit is Not in Use, Out of Service, or Out of Tolerance.</p>	<p>TD-4110P-21Sept 2015.pdf</p>								

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NOV	4	<p>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:</p> <p>(b) Ensure through evaluation that individuals performing covered tasks are qualified;"</p> <p>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.</p> <p>Please provide SED with the measures taken by PG&E to prevent this violation from recurring.</p>	<p>Starting in 2015, PG&E's Principal Program Manager for the Atmospheric Corrosion (AC) Program utilized PG&E's third party qualification consultant, Veriforce, to require all AC Inspection contractors qualify and register for the Atmospheric Corrosion Inspection Operator Qualification task. The Principal Program Manager obtains lists of all contractor employee names and qualification expiration dates, and confirms with PG&E's two contractors, Alisto Engineering and Underground Construction, that only contract employees are assigned work that are on the lists of currently qualified workers. PG&E also utilizes a consultant to perform quality control assessments of the work performed by Alisto and Underground Construction. The quality control assessments include a verification of each AC inspector's OQ-qualification. The quality control assessments are submitted to PG&E's Principal Program Manager on a monthly basis for review and approval. Any issues with the quality of the AC inspections are immediately addressed with the AC inspection contractors.</p>	

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AOC	1	<p>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.”</p> <p>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:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Location</th> <th>P/S Potential (mV)</th> </tr> </thead> <tbody> <tr><td>1</td><td>4960 KEYSTONE COURT, ROCKLIN -763</td><td></td></tr> <tr><td>2</td><td>6333 DAVID AVENUE, LOOMIS -827</td><td></td></tr> <tr><td>3</td><td>CHURCH AT BARTON & BRACE, LOOMIS -777</td><td></td></tr> <tr><td>4</td><td>296 BROOK ROAD, AUBURN -540</td><td></td></tr> <tr><td>5</td><td>246 WALSH STREET, AUBURN -802</td><td></td></tr> <tr><td>6</td><td>807 DAIRY ROAD, AUBURN -668</td><td></td></tr> <tr><td>7</td><td>KOA 242 ROCK CREEK, AUBURN -788</td><td></td></tr> <tr><td>8</td><td>270 NO HILLBROOK, AUBURN -629</td><td></td></tr> <tr><td>9</td><td>103 KNOLL STREET, AUBURN -536</td><td></td></tr> <tr><td>10</td><td>530 RICHARDSON STREET, GRASS VALLEY -540</td><td></td></tr> <tr><td>11</td><td>725 SPRINGHILL DRIVE, GRASS VALLEY -746</td><td></td></tr> <tr><td>12</td><td>115 CATHERINE, GRASS VALLEY -664</td><td></td></tr> <tr><td>13</td><td>COUNTY BLDG WILLOW VALLEY ROAD, NEVADA CITY -613</td><td></td></tr> <tr><td>14</td><td>ETS DRUMMOND & AMERICAN HILL ROAD, NEVADA CITY -510</td><td></td></tr> <tr><td>15</td><td>410 J STREET, MARYSVILLE -841</td><td></td></tr> <tr><td>16</td><td>1971 W ONSTOTT ROAD, MARYSVILLE -745</td><td></td></tr> <tr><td>17</td><td>414 ENCINAL AVENUE, ROSEVILLE -570</td><td></td></tr> <tr><td>18</td><td>501 SHASTA STREET, ROSEVILLE -336</td><td></td></tr> <tr><td>19</td><td>ROSEVILLE HIGH SCHOOL -475</td><td></td></tr> <tr><td>20</td><td>6787 EUREKA ROAD, GRANITE BAY -657</td><td></td></tr> <tr><td>21</td><td>6995 WHYTE AVENUE, ROSEVILLE -652</td><td></td></tr> </tbody> </table> <p>Please provide SED with the measures taken by PG&E to bring the pipe-to-soil potentials at these locations into compliance.</p>	Item	Location	P/S Potential (mV)	1	4960 KEYSTONE COURT, ROCKLIN -763		2	6333 DAVID AVENUE, LOOMIS -827		3	CHURCH AT BARTON & BRACE, LOOMIS -777		4	296 BROOK ROAD, AUBURN -540		5	246 WALSH STREET, AUBURN -802		6	807 DAIRY ROAD, AUBURN -668		7	KOA 242 ROCK CREEK, AUBURN -788		8	270 NO HILLBROOK, AUBURN -629		9	103 KNOLL STREET, AUBURN -536		10	530 RICHARDSON STREET, GRASS VALLEY -540		11	725 SPRINGHILL DRIVE, GRASS VALLEY -746		12	115 CATHERINE, GRASS VALLEY -664		13	COUNTY BLDG WILLOW VALLEY ROAD, NEVADA CITY -613		14	ETS DRUMMOND & AMERICAN HILL ROAD, NEVADA CITY -510		15	410 J STREET, MARYSVILLE -841		16	1971 W ONSTOTT ROAD, MARYSVILLE -745		17	414 ENCINAL AVENUE, ROSEVILLE -570		18	501 SHASTA STREET, ROSEVILLE -336		19	ROSEVILLE HIGH SCHOOL -475		20	6787 EUREKA ROAD, GRANITE BAY -657		21	6995 WHYTE AVENUE, ROSEVILLE -652		<p>Please see the date of remediation and pipe-to-soil reading for the locations visited during the audit. Locations #2 and #3 are pending corrective work as noted and an expected date of restoration.</p> <p>1 4960 KEYSTONE COURT, ROCKLIN -763, additional anode installed 2/26/16 - Read -1657 mV 2 6333 DAVID AVENUE, LOOMIS -827, 15B008A -876 on 2/12/2016 Repair 42148271 scheduled for 3/15/2016 3 CHURCH AT BARTON & BRACE, LOOMIS -777, 15B008A -838 on 2/12/2016 Repair 42148271 scheduled for 3/15/2016 4 296 BROOK ROAD, AUBURN -540, 15B006A -903 on 1/1/2016 5 246 WALSH STREET, AUBURN -802, 15B006A -1118 on 1/1/2016 6 807 DAIRY ROAD, AUBURN -668, 15B003A -903 on 1/11/2016 7 KOA 242 ROCK CREEK, AUBURN -788, 15B002A -879 on 1/11/2016 8 270 NO HILLBROOK, AUBURN -629, additional anode installed 2/26/2016 - Read -1585 mV 9 103 KNOLL STREET, AUBURN -536, additional anode installed on 2/26/2016 - read -1542 mV 10 530 RICHARDSON STREET, GRASS VALLEY -540, 15M002A -1069 on 2/9/2016 11 725 SPRINGHILL DRIVE, GRASS VALLEY -746, 15M005A -914 on 2/9/2016 12 115 CATHERINE, GRASS VALLEY -664, 15M005A -929 on 12/3/2015 13 COUNTY BLDG WILLOW VALLEY ROAD, NEVADA CITY -613, 15M003 -989 on 2/9/2016 14 ETS DRUMMOND & AMERICAN HILL ROAD, NEVADA CITY -510, 15M003 -906 on 2/9/2016 15 410 J STREET, MARYSVILLE -841, Corrective 42555108, -1593 on 10/23/2015 16 1971 W ONSTOTT ROAD, MARYSVILLE -745, 12S010 -1076 on 1/4/2016 17 414 ENCINAL AVENUE, ROSEVILLE -570, 15S006A -1279 on 1/11/2016 18 501 SHASTA STREET, ROSEVILLE -336, Non Corrodible Riser 19 ROSEVILLE HIGH SCHOOL -475, 15S006A -1258 on 1/11/2016 20 6787 EUREKA ROAD, GRANITE BAY -657, 15B013 -853 on 1/4/2016 21 6995 WHYTE AVENUE, ROSEVILLE -652, 15S004 -1011 on 1/4/2016</p>	
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AOC	2	<p>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: If the pipeline is located: Then the frequency of inspection is: Onshore At least once every 3 calendar years, but with intervals not exceeding 39 months Offshore At least once each calendar year, but with intervals not exceeding 15 months”</p> <p>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.</p>	<p>Please see the attached file "AOC-2 CGIs of 2014 AC Inspections_CONF.xls" which lists the resolution of the 483 locations. Locations have been subsequently visited by a Gas Service Representative (GSR) and includes an AC inspection of the meter set, or confirmation that the meter set has been removed. One location, 546 Tudor Road, has yet to be accessed and inspected. Inspection is expected to be completed by the 2nd quarter, 2016. If PG&E is unable to gain access by the end of the 2nd quarter 2016, service to the customer will be terminated.</p> <p>PG&E's process for addressing atmospheric corrosion CGIs is described below. The same process applies to leak survey CGIs: When a CGI is encountered for AC inspections, the qualified inspector records the meter set as a CGI in his or her tablet device and moves on to the next meter. The CGIs are exported from the AC Inspection database and uploaded into the AMP database for a GSRs to perform the AC inspections. If the GSRs are unsuccessful, the AC CGI will go into the CGI tracker and appropriate steps are followed to try and gain access. These steps include calls during non-working hours and weekends, and leaving a CGI card door hanger for the resident to call into PG&E to schedule an appointment when resident is available to provide access to the meter set. If the CGI continues, the Centralized CGI Team (CCT) is contacted for assistance. The CCT will send a customer communication letter and notification using certified mail return receipt requested to the customer and property owner. If the CGI is not resolved within the compliance timeframe, Regulatory Compliance is notified and the CCT will work with the M&C supervisor to discontinue gas service. The CCT will send the customer an Interruption of Gas Service Notification. If needed, a crew will interrupt the gas service at the tee and the call center is notified to record the location and situation. A CGI card and letter are left at the door.</p>	<p><i>AOC-2 CGIs of 2014 AC Inspections_CONF.xls</i></p>
AOC	3	<p>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.</p>	<p>Please see updates below for the outstanding findings from the 2014 Sierra Division inspection letter. NOV 2.1 - Exposed span at 6125 Brace Road Auburn needs re-coating. This project has been delayed due to environmental permitting issues and is now scheduled for completion in the 3rd quarter 2016. The pipe has recently been inspected and continues to operate safely. There was no pitting or flaking of metal observed. NOV-2.2 - Retirement of L-124B at MP 12.87. Engineering, land rights, and permitting are scheduled for 2016 and a retirement date expected in 2017. NOV-3.0 - PG&E is unable to locate the 2011 Quality Control of Atmospheric Corrosion inspection information. AOC 1.0 - Recoat/Repaint piping in reg station MRB-73. This was completed on October 10, 2015. See attached "Paint Station MRB-73 ECTS401624.pdf" for documentation. AOC 6.0- Pipeline markers at an exposed span of L-124B at MP 22.59 are installed and stickers applied to pipeline. Please see pictures in attached file "L124B Pipeline Markers.pdf".</p>	<p><i>Paint Station MRB-73 ECTS401624.pdf</i> <i>L124B Pipeline Markers.pdf</i></p>
AOC	4	<p>4. During the SED field inspection, the Division discovered a broken anode wire at 219 Donner Avenue, Roseville. Please provide the Division's plan for corrective action.</p>	<p>Anode wire for isolated steel riser located at 219 Donner Ave, Roseville was been repaired on 2/24/2016. Pipe-to-Soil reading is still below adequate protection. Order 42639630 has been created to install anodes and restore adequate protection, with expected restoration in the 2nd quarter, 2016.</p>	
AOC	5	<p>5. During the SED field inspection, the Division discovered a tree grown into the meter set assembly at 149 S Lincoln Street, Roseville (see Figure 1 below). Please provide the Division's plan for corrective action.</p>	<p>A job has been initiated in local distribution engineering to relocate the gas service and meter set. Resolution is expected in the 4th quarter of 2016. In the interim, visits to inspect the site and confirm the gas facilities continued safe operation will be made in May and October 2016.</p>	