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July 5, 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 Central Coast Division

Dear Mr. Bruno:

The Safety and Enforcement Division (SED) of the CPUC conducted a General Order 112 audit of PG&E’s Central Coast Division from December 7-10, 2015. On June 15, 2016, the SED submitted their audit report, identifying violations and findings. Attached is PG&E’s response to the CPUC audit report.

Please contact Glen Allen at (925) 278-3462 or gmad@pge.com for any questions you may have regarding this response.

Sincerely,

/S/  
Michael Falk

Attachments

cc: Quang Pham, CPUC  
Aimee Cauquiran, CPUC  
Dennis Lee, CPUC  
Susie Richmond, PG&E

2015 Central Coast Division Audit Findings and Responses

Finding Type [Internal, NOV, AOC]	Finding #	Finding	Response	Associated Attachment (File Name)								
NOV PG&E's Internal Review Findings	1	Prior to the start of the audit, PG&E provided SED its findings from the internal review it conducted of Central Coast 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.	Attached, please find Attachment 1 - Internal Review Findings, indicating that there were two pending items which have been highlighted in yellow. Both of these pending items have been updated in attachment 1.	Att 1_Internal Review Findings.pdf								
NOV	2	<p>Title 49 CFR §192.475(b) states in part:                      "Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion."                      SED reviewed the Division's Leak Repair records and found that the Division did not perform an internal pipeline inspection for sections of pipe that were exposed during the leak repair process for the following:</p> <table border="1" data-bbox="292 641 543 747"> <thead> <tr> <th>Leak Number</th> <th>Repair Date</th> </tr> </thead> <tbody> <tr> <td>413402921</td> <td>11/23/2013</td> </tr> <tr> <td>513504511</td> <td>6/24/2013</td> </tr> <tr> <td>7613104371</td> <td>12/13/2013</td> </tr> </tbody> </table> <p>PG&amp;E is in violation of 49 CFR §192.475(b).</p>	Leak Number	Repair Date	413402921	11/23/2013	513504511	6/24/2013	7613104371	12/13/2013	<p>Whenever any pipe is removed from a pipeline for any reason, or whenever the interior surface of the pipeline is exposed, the internal surface must be inspected for evidence of corrosion. This inspection was not documented on the A-Forms for the referenced leak repairs. See attachment 2 - "A-Form Leak 413402921", attachment 3 - "A-Form Leak 513504511 " and attachment 4 - "A-Form Leak 7613104371".</p> <p>To prevent reoccurrence, PG&amp;E published a new internal corrosion control standard and five new internal corrosion control procedures in July 2014, with an effective date of January 1, 2016. Please see attachment 5 - "TD-4186S.zip" for a copy of PG&amp;E's internal corrosion standard ("TD-4186S.pdf") and the five associated procedures ("TD-4186P-100.pdf" through "TD-4186P-500.pdf").</p> <p>In addition, PG&amp;E revised the existing internal corrosion inspection instructions (Job Aids) on 7/16/2015. The new revision will enhance the internal processes used to review internal corrosion inspection data. See attachment 6 - "A-Form Job Aid". PG&amp;E is also currently evaluating potential changes to the A-Form to improve work processes.</p> <p>A Corrective Action Program (CAP) Notification (7012817) was also generated to develop a 5 Minute Meeting to reinforce to personnel in all Divisions 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 has been completed and was issued on 8/10/2015. In addition, three tailboards were held for the area's Maintenance and Construction personnel to reinforce the requirement to perform the internal corrosion inspections. These tailboards have been included with the 5 Minute Meeting. See attachment 7 - "5MM A Form Internal Inspection and Tailboards".</p>	<p>Att 2_A-Form Leak 413402921_CONF.pdf                      Att 3_A-Form Leak 513504511_CONF.pdf                      Att 4_A-Form Leak 7613104371_CONF.pdf                      Att 5_TD-4186S.zip                      Att 6_A-Form Job Aid - Final.pdf                      Att 7_5MM A Form Internal Inspection and Tailboards_CONF.pdf</p>
Leak Number	Repair Date											
413402921	11/23/2013											
513504511	6/24/2013											
7613104371	12/13/2013											
NOV	3	<p>Title 49 CFR §192.465(a) states in part:                      "However, if tests at those intervals are impractical for separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period."</p> <p>SED reviewed the Division's 10%ers records and noted that location 11065 Panoche Road in Hollister (SAP Equipment# 41257518) was not monitored in 2013 as required. The Division noted that a read was performed in 2009 but a pipe-to-soil value was not recorded in the system. Without pipe-to-soil values from either 2009 or 2013, SED is unable to verify that monitoring occurred at this location. Therefore PG&amp;E is in violation of 49 CFR §192.465(a).</p>	<p>11065 Panoche Rd has two monitoring points; an annual and a 10%er. The 10%er, as indicated in SAP (SAP Equipment# 41257518), was read in 2009 per PR 105871330. See attachment 8 - "11065 Panoche Rd SAP Data". However, there were no reads entered in SAP for this location. It appears that when this data was transferred from FM to SAP, the read was not entered. In addition, a search for a binder containing the 2009 reads was not successful.</p> <p>In 2013, a corrosion mechanic mistakenly thought that the 10%er read was supposed to be the annual read which he had been monitoring and removed the 10%er read from the address. This isolated steel section of pipe was therefore not monitored in 2013. On 12/30/15 a corrosion mechanic was dispatched to this location, verified that there was a 10%er at this location, installed a drivable anode and recorded a pipe-to-soil read of -1420 mV. The mechanic returned to the location on 6/21/16 and took an additional reading of -1194 mV. Work Order 111740242 was submitted to place the location back on the isolated steel program and to enter the reads for 2015 and 2016.</p> <p>To prevent reoccurrence, isolated steel locations (10%er) are now managed in the work management system, SAP. Automatic notifications are generated and sent to appropriate parties, alerting them of the need to perform the monitoring and restoration activities (if required) in a timely manner.</p> <p>In addition, weekly SAP Compliance Reports tracking the preventative maintenance required for each asset on a maintenance plan are automatically generated and reflect upcoming due dates. The items may be filtered by supervisor, location or work type. These SAP Compliance Reports also capture open corrective work orders associated with the maintenance notifications and include remedial work due to low pipe-to-soil readings. The weekly SAP Compliance Reports are reviewed regularly by the local supervisor and asset strategist to maintain oversight of pending actions by the required due date.</p>	Att 8_11065 Panoche Rd SAP Data_CONF.pdf								

2015 Central Coast Division Audit Findings and Responses

Finding Type [Internal, NOV, AOC]	Finding #	Finding	Response	Associated Attachment (File Name)												
NOV	4	<p>Title 49 CFR §192.467(d) states in part: “Inspection and electrical tests must be made to assure that electrical isolation is adequate.”</p> <p>SED reviewed the Division’s casing records and noted the following locations were not monitored annually to ensure that no electrical contact exists between the casing and pipeline:</p> <table border="1" data-bbox="292 453 1494 564"> <thead> <tr> <th>SAP Equipment ID</th> <th>Equipment Description</th> <th>Missing Maintenance</th> </tr> </thead> <tbody> <tr> <td>41472060</td> <td>ETS, POTENTIAL, CASING, L301G. MP 12.04 63571.20 63572.26</td> <td>2014</td> </tr> <tr> <td>*41402489</td> <td>ETS, POTENTIAL, CASING, 1812-13. MP 0.02 105.60 106.66</td> <td>2014</td> </tr> <tr> <td>41471834</td> <td>ETS, POTENTIAL, CASING, L301F. MP 4.45 23496.00 23497.06</td> <td>2013, 2014</td> </tr> </tbody> </table> <p>*The Division noted that a 0mV read was taken on 10/13/2014 due to a broken vent pipe but failed to take any further actions until 12/08/2015.</p> <p>PG&amp;E is in violation of 49 CFR §192.467(d).</p>	SAP Equipment ID	Equipment Description	Missing Maintenance	41472060	ETS, POTENTIAL, CASING, L301G. MP 12.04 63571.20 63572.26	2014	*41402489	ETS, POTENTIAL, CASING, 1812-13. MP 0.02 105.60 106.66	2014	41471834	ETS, POTENTIAL, CASING, L301F. MP 4.45 23496.00 23497.06	2013, 2014	<p>Casing 41472060 - This casing is in the casing without leads program (Casing_WO). The casing was tested in 2013 and in 2015 and was identified as not contacted. Attached, please find attachment 9 and attachment 10 - "2013 and 2015 Casing 41472060 Evaluation. A casing evaluation for 2014 could not be located.</p> <p>Casing 41402489 - A read of 0 mV was recorded on 10/13/2014 due to a broken vent pipe at this location. Please see attachment 11 - "Casing 41402489 Reads". A corrective order was generated and the casing was changed to Casing_WO (casing without leads program). Construction to install two vents and two ETS's was completed on November 19th, 2015. This casing was also Gel filled to establish a non-corrosive environment in the annular space. This casing has been added to the contacted casings program and scheduled for quarterly accelerated leak survey. Testing and monitoring of contacted casings are performed per Utility Work Procedure WP4133-04. Please see attachment 12 - "TD-4181P-602 Mitigating Casing Contacts".</p> <p>Casing 41471834 - After further investigation, this casing has been removed from the casing program. Per the attached as-built, the pipe is not surrounded by a steel casing. It is surrounded by a pool liner. Annual monitoring is not required. Please see attachment 13 - "Casing 41471834 Pool Liner As-built" and attachment 14 - "Plat Map 3837-G01" for verification.</p> <p>To prevent reoccurrence, casings and, starting in January 2016, casings without leads are now managed in the work management system, SAP, to ensure maintenance is completed every 12 months, not to exceed 15 months. Automatic notifications are generated and then monitored on the Attainment report by Corrosion Engineering. Weekly SAP Compliance Reports track upcoming preventative maintenance due for each asset on a maintenance plan. These items may be filtered by asset type or location. The weekly SAP Compliance Reports are reviewed regularly by the local supervisor and asset strategist to maintain oversight of pending actions by the required due date.</p>	<p>Att 9_2013 Casing 41472060 Evaluation_CONF.xlsx Att 10_2015 Casing 41472060 Evaluation.xlsx Att 11_Casing 41402489 Reads_CONF.xlsx Att 12_TD-4181P-602 - Mitigating Casing Contacts .pdf Att 13_ Casing 41471834 Pool Liner As-built.tif Att 14_Plat Map 3837-G01.pdf</p>
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NOV	5	<p>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.”</p> <p>Procedure O-16: Corrosion Control of Gas Facilities, Section 6: CPA Restoration states: “If the CPA restoration work is (or is expected to be) over 30 days, the “CPA Follow-Up Action Plan” form must be used and developed within 30 calendar days from the date the CPA is found below adequate levels of protection.”</p> <p>The Division failed to create an action plan for Cathodic Protection Area (CPA) 3678-17 in 2013 when restoration work extended beyond 30 days. CPA 3678-17 was found to have inadequate level of cathodic protection on 11/06/2013; the area was restored on 03/27/2014.</p> <p>PG&amp;E is in violation of 49 CFR §192.605(a).</p>	<p>Per clarification with the CPUC's lead auditor for the Central Coast Audit, the correct Cathodic Protection Area (CPA) in question is CPA 3675-17. Please find attachment 15 and 16 - "2013 and 2014 Annual Reports for CPA 3675-17". As shown in the 2013 report (highlighted in yellow), the rectifier was read with no output on 9/26/13. During this time, a ground rod was being installed per order 41934484 and notification 107051750. On 11/1/13, Notification 107388596 was generated when the rectifier blew out while an Electrical Troubleshman was testing the ground rod. Corrective Maintenance Order 31040124 was created to install a new rectifier, G-5 box at the base of the pole and extend the AC riser and shorten or replace the DC riser. On 3/17/14, repairs were completed and the area was read up on 3/27/14.</p> <p>PG&amp;E Gas Standard O-16 has been superseded and PG&amp;E has published a new external corrosion control standard, TD-4181S, Rev 1 "External Corrosion Control of Gas Facilities". Attached, please find attachment 17 - "TD-4181S Rev 1".</p> <p>To prevent reoccurrence, with the publication of TD-4181S, Rev 1 on 2/24/16, paper action plans are essentially obsolete and restoration activities are now managed in the work management system, SAP. Weekly email notifications are sent to corrosion operations from the Asset Strategy department, showing how long each CPA has been down. This will aid the appropriate parties to make any subsequent updates in a timely manner in the long text of the Notification whenever there is a milestone, including scheduling of work requests and completion of work. The local corrosion mechanics have been tail-boarded on these changes to action plans. Attached, please find attachment 18 - "TD-4181S Rev 1 Guidance Document", attachment 19 - "TD-4181S Rev 1 Tailboard" and attachment 20 - "Crew Tailboard".</p> <p>Since publication of TD-4181S, Rev 1, an additional enhancement has been identified for SAP to supplement the CPA Down Report. The intent of this new SAP Change Request (CR 111617004) will be to automatically track one notification per CPA, alerting them of the need to update the notification long text, even for complex CPAs with significant preventative and corrective activity. Once the new CR is ready for release, impacted personnel will be trained on how to use the enhanced SAP tracking tool to be used in conjunction with the CPA Down Report. The goal is to improve the timeliness of CPA restoration while providing the best visibility possible with current technology. Implementation is estimated to be completed in the 4th quarter of 2016.</p>	<p>Att 15_2013 CPA 3675-17_CONF.xlsx Att 16_2014 CPA 3675-17_CONF.xlsx Att 17_TD-4181S Rev 1.pdf Att 18_TD-4181S Rev 1 Guidance.pdf Att 19_TD-4181S Rev 1 Tailboard.pdf Att 20_Crew Tailboard</p>												

2015 Central Coast Division Audit Findings and Responses

Finding Type [Internal, NOV, AOC]	Finding #	Finding	Response	Associated Attachment (File Name)												
AOC	1	<p>During field verification, SED noted a large tree branch was wedged in between the pipe and bridge for Span Santa Cruz D19 Small Craft Harbor. There were also visible signs of pitting along the span.</p> <p>The Division has removed the branch of as 12/09/2015 and a previous notification was already created to address the pitting. Please provide SED with an update on the action(s) taken to address this concern.</p>	<p>The tree branch was removed from Span D19 located in Santa Cruz over the Small Craft Harbor on 12/9/15. Notification 109967137 and PM Order 42316016 will clean, prime, paint and recoat the line. Work is estimated to be completed by the first quarter of 2017. Please see attachment 21 - "Notification 109967137" and attachment 22 - "Order 42316016".</p>	<p>Att 21_Notification 109967137.PNG Att 22_Order 42316016.PNG</p>												
AOC	2	<p>During field verification, SED noted the wrap was peeling on Span Monterey B06 Boranda Rd / Carmel River.</p> <p>A previous notification was already created to address the pipe wrap. Please provide SED with an update on the action(s) taken to address this concern.</p>	<p>It was noted during the CPUC Central Coast Audit that the wrap on Span B06 over the Carmel River was peeling. Notification 109898702 and PM Order 42295711 will clean, prime, paint and recoat the line. Work is estimated to be completed by the fourth quarter of 2016. Please see attachment 23 - "Notification 109898702" and attachment 24 - "Order 42295711".</p>	<p>Att 23_Notification 109898702.PNG Att 24_Order 42295711.PNG</p>												
AOC	3	<p>3. During field verification, SED noted pitting on the pipe on Span Salinas S01 Boranda Rd 1000' n/o Sal Coast Road.</p> <p>A previous notification was already created to address the pitting on the pipe. Please provide SED with an update on the action(s) taken to address this concern.</p>	<p>Per clarification with the CPUC's lead auditor for the Central Coast Audit, the correct span in question is Q01. It was noted during the CPUC Central Coast Audit that there was pitting on the pipe on Span Q01 in Salinas. Notification 109898734 and PM Order 42295716 will clean, prime, paint and recoat the line. Work is estimated to be completed by the fourth quarter of 2016. Please see attachment 25 - "Notification 109898734" and attachment 26 - "Order 42295716".</p>	<p>Att 25_Notification 109898734.PNG Att 26_Order 42295716.PNG</p>												
AOC	4	<p>During field verification, SED noted low pipe-to-soil reads at the following locations:</p> <table border="1" data-bbox="292 868 823 975"> <thead> <tr> <th>Type</th> <th>Description</th> <th>Reads</th> </tr> </thead> <tbody> <tr> <td>10%er</td> <td>111 Fountain Ave, Pacific Grove</td> <td>-919mV</td> </tr> <tr> <td>Annual</td> <td>920 Fountain Ave, Pacific Grove</td> <td>-508mV</td> </tr> <tr> <td>10%er</td> <td>596 Fillmore St, Monterey</td> <td>-898mV</td> </tr> </tbody> </table> <p>As per PG&amp;E's standard TD-4181S, to ensure 10%er facilities are protected until the next monitoring cycle, a driveable anode must be installed if the P/S is less negative than -950mV.</p> <p>The Division has provided SED with updates on remedial actions taken to address all of the low reads and brought the locations back into compliance. <b>No follow-up response is required for this observation.</b></p>	Type	Description	Reads	10%er	111 Fountain Ave, Pacific Grove	-919mV	Annual	920 Fountain Ave, Pacific Grove	-508mV	10%er	596 Fillmore St, Monterey	-898mV	<p>No follow-up response is required for this observation.</p>	
Type	Description	Reads														
10%er	111 Fountain Ave, Pacific Grove	-919mV														
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