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October 8, 2012

Mr. Mike Robertson  
Gas Safety and Reliability Branch  
Consumers Protection and Safety Division  
California Public Utilities Commission  
320 West 4<sup>th</sup> Street, Suite 500  
Los Angeles, CA. 90013

Re: State of California – Public Utilities Commission  
General Order 112-E Inspection – PG&E’s Hollister District

Dear Mr. Robertson:

The Gas Safety and Reliability Branch (GSRB) of the CPUC conducted a General Order 112-E inspection of PG&E’s Hollister District, from March 21-25, 2011. The attached documents respond in detail to each of the inspection findings listed in your September 7, 2012 letter.

Please contact Larry Berg at (925) 974-4084 or [LMB5@pge.com](mailto:LMB5@pge.com) for any additional questions you may have regarding this notification.

Sincerely,

/S/

Frances Yee

Attachments

cc: Dennis Lee, CPUC  
Ivan Garcia, CPUC  
Sunil Shori, CPUC

Larry Berg, PG&E  
Larry Deniston, PG&E  
Jane Yura, PG&E

**General Order 112-E Findings  
CPUC Inspection Report, dated September 7, 2012  
Hollister District**

**INSPECTION INFORMATION**

| Inspection Dates  | Finding | CPUC Contact | CPUC Phone #   |
|-------------------|---------|--------------|----------------|
| March 21-25, 2011 | AIR – 1 | Ivan Garcia  | (916) 928-5875 |

**INSPECTION FINDING**

| CPUC Finding | <p><b>PG&amp;E's Internal Audit Findings</b></p> <p>Prior to the start of the March 21-25, 2011 audit, PG&amp;E provided CPSD the findings from its internal audit of the District, which was conducted on January 19, 2011. Some of PG&amp;E's internal audit findings are violations of PG&amp;E's operations and maintenance standards, and are therefore violations of Title 49 Code of Federal Regulations (CFR), §192.13(c). All the violations that PG&amp;E identified are noted in the Hollister District Internal Review Summary Table. GSRB also identified violations of Title 49 CFR, 192 in relation to PG&amp;E's internal audit findings.</p> <p>CPSD is aware that some of PG&amp;E's Internal Review findings have already been corrected or were in the process of being corrected at the time of our audit. Please provide GSRB with an update on items that had pending corrective actions as of March 25, 2011 as noted in the following table.</p> <p style="text-align: center;"><b>Hollister District Internal Review Summary Table</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Item</th> <th>Title 49 CFR Part 192</th> <th>Topic/ (Finding)</th> <th>Number of Violations</th> <th>Number of Violations Corrected</th> <th>Number of Pending Corrections</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">N/A</td> <td>Pipeline Patrol-Form not completed</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">N/A</td> <td>Pipeline Patrol-Form not completed/updated</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">192.13(c)<br/>192.465(d)</td> <td>Abnormal CP reads-No action Plan, External corrosion control, Monitoring</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">192.195(a)<br/>192.201(a)(2)(i)</td> <td>Station Maintenance-Form not completed, Protection against accidental overpressuring, Required capacity of pressure relieving and limiting stations</td> <td style="text-align: center;">3</td> <td style="text-align: center;">3</td> <td style="text-align: center;">3</td> </tr> </tbody> </table> |   |                      |                                |                               | Item | Title 49 CFR Part 192 | Topic/ (Finding) | Number of Violations | Number of Violations Corrected | Number of Pending Corrections | 1 | N/A | Pipeline Patrol-Form not completed | 0 | 0 | 0 | 2 | N/A | Pipeline Patrol-Form not completed/updated | 0 | 0 | 0 | 3 | 192.13(c)<br>192.465(d) | Abnormal CP reads-No action Plan, External corrosion control, Monitoring | 1 | 1 | 1 | 4 | 192.195(a)<br>192.201(a)(2)(i) | Station Maintenance-Form not completed, Protection against accidental overpressuring, Required capacity of pressure relieving and limiting stations | 3 | 3 | 3 |
|--------------|---|---|----------------------|--------------------------------|-------------------------------|------|-----------------------|------------------|----------------------|--------------------------------|-------------------------------|---|-----|------------------------------------|---|---|---|---|-----|--|---|---|---|---|-------------------------|--|---|---|---|---|--------------------------------|---|---|---|---|
| Item         | Title 49 CFR Part 192   | Topic/ (Finding)  | Number of Violations | Number of Violations Corrected | Number of Pending Corrections |      |                       |                  |                      |                                |                               |   |     |                                    |   |   |   |   |     |  |   |   |   |   |                         |  |   |   |   |   |                                |   |   |   |   |
| 1            | N/A   | Pipeline Patrol-Form not completed  | 0                    | 0                              | 0                             |      |                       |                  |                      |                                |                               |   |     |                                    |   |   |   |   |     |  |   |   |   |   |                         |  |   |   |   |   |                                |   |   |   |   |
| 2            | N/A   | Pipeline Patrol-Form not completed/updated  | 0                    | 0                              | 0                             |      |                       |                  |                      |                                |                               |   |     |                                    |   |   |   |   |     |  |   |   |   |   |                         |  |   |   |   |   |                                |   |   |   |   |
| 3            | 192.13(c)<br>192.465(d)   | Abnormal CP reads-No action Plan, External corrosion control, Monitoring  | 1                    | 1                              | 1                             |      |                       |                  |                      |                                |                               |   |     |                                    |   |   |   |   |     |  |   |   |   |   |                         |  |   |   |   |   |                                |   |   |   |   |
| 4            | 192.195(a)<br>192.201(a)(2)(i)  | Station Maintenance-Form not completed, Protection against accidental overpressuring, Required capacity of pressure relieving and limiting stations | 3                    | 3                              | 3                             |      |                       |                  |                      |                                |                               |   |     |                                    |   |   |   |   |     |  |   |   |   |   |                         |  |   |   |   |   |                                |   |   |   |   |

Definitions:      NOV – Notice of Violation  
                           AOC – Area of Concern  
                           AIR- Additional Information Requested

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|   |           |  |   |   |   |
|---|-----------|--|---|---|---|
| 5 | N/A       | Station Maintenance-Form not completed                                   | 0 | 0 | 0 |
| 6 | N/A       | Station Maintenance – Several outdate forms being used                   | 0 | 0 | 0 |
| 7 | N/A       | Emergency Valves – Form not completed                                    | 0 | 0 | 0 |
| 8 | 192.13(c) | Emergency Valves – Form not completed and missed valve inspection cycles | 8 | 8 | 0 |
| 9 | 192.13(c) | Instrument Calibrations- monthly calibration missed                      | 1 | 1 | 0 |

1. CPSD discovered in its review of Item #5, that the District recorded the set pressures for relief valves #19 at the Dolan Road Station, between the range of 146-152 psig, #20 at the Dolan Road Station, between the range of 149.2-150.2 psig, and # 18 at the Bolsa Station, between the range of 198.5-209 psig. These ranges of pressures exceeded the MAOP plus 10 percent which is a violation of Title 49 CFR, §192.195(a), Protection Against Accidental Overpressuring, which states:

*“Except as provided in §192.197, each pipeline that is connected to a gas source so that the maximum allowable operating pressure could be exceeded as the result of pressure control failure or of some other type of failure, must have pressure relieving or pressure limiting devices that meet the requirements of §192.199 and §192.201”*

Title 49 CFR, §192.201 (a)(2)(i), Required capacity of pressure relieving and limiting stations states, in part:

*“Each pressure relief station or pressure limiting station or group of those stations installed to protect a pipeline must have enough capacity, and must be set to operate, to insure the following:...*

*In pipelines other than low pressure distribution system: If the maximum allowable operating pressure is 60 p.s.i. (414 kPa) gage or more the pressure may not exceed the maximum allowable operating pressure plus 10 percent or the pressure that produces a hoop stress of 75 percent of SMYS, whichever is lower;...”*

Please advise CPSD on the corrective measures the District implemented to prevent this violation from recurring.

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|  |  |
|--|--|
|  | <p>2. CPSD discovered in its review of Item #8, that the District did not fully follow PG&amp;E’s Utility Work Procedure WP4430-04, Gas Valve Maintenance Requirements and Procedures, which states, in part: “Power-actuated ball and plug valve regulators used frequently during normal operations must be lubricated and inspected at least once every 2 weeks.” Regulator Station PLS 6A/6B , Valve 3, MLV-436.74A, and Valve 8 are listed as plug valve regulators and were not documented as being lubricated and inspected at least once every two weeks.</p> <p>Utility Work Procedure WP4430-04 also states in part: “Power-actuated valves used for overpressure protection (monitors) must be partially operated and inspected once a month.” Hollister Regulator Station, Valve 19 and Valve 20 are listed as power-actuated monitor valves and were not documented as being partially operated and inspected once a month.</p> <p>The District’s failure to follow PG&amp;E’s Utility Work Procedure WP4430-04 in both cases was a violation of Title 49 CFR, §192.13(c). Please advise CPSD on the corrective measures the District implemented to prevent these violations from recurring.</p> |
|--|--|

**PG&E RESPONSE**

At the time of the Hollister District audit, PG&E had two items (#3 and #4) noted in the table above with pending corrective actions. The status of these two pending items is provided below.

Item 3 (from Table above): This item was completed on August 10, 2011

Item 4 (from Table above): This item was completed on November 16, 2010 and confirmed on August 12, 2011. See PG&E’s response below to CPSD #1 for more details.

CPSD #1: There were two instances of relief valves being found to be set too high. One relief valve is on the supply rack serving Valve 20 at Dolan Road Regulator Station (as noted in Item 4 above). The other relief valve is on the supply rack serving Valve 18 at Bolsa Station. As noted in PG&E’s Internal Review Summary, the relief valve at Dolan Road Regulator Station was replaced on August 12, 2010, and the relief valve at Bolsa Station was replaced on February 4, 2011. See Attachments 1 and 2 for details on the relief valve replacements.

CPSD #2: Regulator Station PLS 6A/6B, Valve 3, MLV-436.74A, and Valve 8 are equipped with automatic lubricators which continually lubricate. PLS 6A/6B Station equipment is inspected monthly on the station routine, including adequate lubricant levels in the automatic lubricators.

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|--|
| Hollister Regulator Station, Valve 19 and Valve 20 do not exist. We believe this should be referring to Dolan Road Regulator Station, Valve 19 and Valve 20. Valve 19 and Valve 20 at Dolan Road Regulator Station are verified for proper operation and control point as part of their monthly routine. Please see Attachment 3 for the routine monthly maintenance documentation for Dolan Road Regulator Station. |
|--|

**ATTACHMENTS**

| <b>Attachment #</b> | <b>Title or Subject</b>                                |
|---------------------|--|
| 1                   | Bolsa Station Relief Documentation                     |
| 2                   | Dolan Road Regulator Station Relief Documentation      |
| 3                   | Dolan Rd Regulator Station Monthly Routine Maintenance |

**ACTION REQUIRED**

| <b>Action To Be Taken</b> | <b>Due Date</b> | <b>Completion Date</b> | <b>Responsible Dept.</b> |
|---------------------------|-----------------|------------------------|--------------------------|
| None                      |                 |                        |                          |

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|-------------------------|----------------|---------------------|---------------------|
| March 21-25, 2011       | NOV – 1        | Ivan Garcia         | (916) 928-5875      |

**INSPECTION FINDING**

|                     |  |
|---------------------|--|
| <b>CPUC Finding</b> | <p>Title 49 CFR, §192.706 Transmission lines: Leakage surveys states in part:</p> <p><i>“Leakage surveys of a transmission line must be conducted at intervals not exceeding 15 months, but at least once each calendar year.”</i></p> <p>The District’s Transmission leak surveys are outlined with sequence numbers, with each number specifying a map plat number for the corresponding section of the transmission line. CPSD identified in the 2009 Transmission Leak Survey Log that sequence 54, plat map #3-3778-D01, on Line 301G was missing the 2009 leak survey.</p> |
|---------------------|--|

**PG&E RESPONSE**

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| <p>PG&amp;E agrees with this finding that its leak survey documentation is incomplete for one segment of transmission line (TL) 301G (referred to as a sequence).</p> <p>Sequence 54 was not documented as being leak surveyed in April 2009 when TL-301G was leak surveyed. This section of TL-301G requires an annual leak survey as noted on the attached aerial map (see Attachment 4). However, the employee timecard for April 1, 2009 notes that TL-310G from mile point 16.34 to 18.87 was leak surveyed. Sequence 54 is contained within these mile points.</p> <p>Transmission leak survey records are now available for system wide review on a SharePoint site with oversight by the program owner. This oversight includes a quality control review to ensure complete and accurate documentation.</p> |
|---|

**ATTACHMENTS**

| <b>Attachment #</b> | <b>Title or Subject</b>              |
|---------------------|--------------------------------------|
| 4                   | L301G 2009 Leak Survey Documentation |

**ACTION REQUIRED**

| <b>Action To Be Taken</b> | <b>Due Date</b> | <b>Completion Date</b> | <b>Responsible Dept.</b> |
|---------------------------|-----------------|------------------------|--------------------------|
| None                      |                 |                        |                          |

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|-------------------------|----------------|---------------------|---------------------|
| March 21-25, 2011       | NOV – 2        | Ivan Garcia         | (916) 928-5875      |

**INSPECTION FINDING**

|              |   |
|--------------|---|
| CPUC Finding | <p>Title 49 CFR, §192.707(c) Line markers for mains and transmission lines for pipelines above ground states:</p> <p><i>“Line markers must be placed and maintained along each section of a main and transmission line that is located above ground in an area accessible to the public.”</i></p> <p>CPSD found that there was no line marker at mile-point 436.73 on Line 300A where the transmission pipeline is in an area that is accessible to the public. Please advise CPSD on the measures the District engaged in to correct this violation.</p> |
|--------------|---|

**PG&E RESPONSE**

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| <p>PG&amp;E agrees with this finding.</p> <p>This issue was resolved on March 24, 2011, by installing pipeline warning stickers on Corrective Work Request 173951. (See Attachment 5) This above ground span had been recently painted and had yet to have the warning stickers re-applied at the time of this audit.</p> |
|---|

**ATTACHMENTS**

| <b>Attachment #</b> | <b>Title or Subject</b>       |
|---------------------|-------------------------------|
| 5                   | Pipeline Sticker Work Request |

**ACTION REQUIRED**

| <b>Action To Be Taken</b>  | <b>Due Date</b> | <b>Completion Date</b> | <b>Responsible Dept.</b>   |
|--|-----------------|------------------------|----------------------------|
| Install Pipeline Warning on both ends of the newly painted span. |                 | 3/24/11                | Hollister Gas Transmission |

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