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March 7, 2014

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 Audit – PG&E’s Central Coast Division

Dear Mr. Robertson:

The Safety and Enforcement Division (SED), Gas Safety and Reliability Branch (GSRB) of the CPUC conducted a General Order 112-E audit of PG&E’s Central Coast Division, from June 17-21, 2013. On January 16, 2014, the SED submitted their audit report, identifying violations and findings. PG&E greatly appreciates the SED’s feedback, and has incorporated some of these suggestions as noted below. Attached is PG&E’s response to the CPUC audit report.

Please contact Sonal Patni at (925) 328-5778 or [s1pw@pge.com](mailto:s1pw@pge.com) for any questions you may have regarding this response.

Sincerely,

/S/  
ChristiAne Mason

Attachments

cc: Aimee Cauguiran, CPUC  
Terence Eng, CPUC  
Dennis Lee, CPUC  
Liza Malashenko, CPUC

Larry Berg, PG&E  
Larry Deniston, PG&E  
Bill Gibson, PG&E  
Sumeet Singh, PG&E

**General Order 112-E Findings  
CPUC Inspection Report, dated January 16, 2014  
Central Coast Division**

**INSPECTION INFORMATION**

| <b>Inspection Dates</b> | <b>Finding</b>  | <b>CPUC Contact</b> | <b>CPUC Phone #</b> |
|-------------------------|-----------------|---------------------|---------------------|
| June 17- 21, 2013       | Internal Review | Terence Eng         | (415) 703-5326      |

**INSPECTION FINDING**

| CPUC Finding             | <p><b>A. PG&amp;E's Internal Audit Findings</b></p> <p>Prior to the start of the June 17-21, 2013 audit, PG&amp;E provided SED its findings from the internal review it conducted of the Division. Some of PG&amp;E's internal review 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). Table 1 lists all of the violations that PG&amp;E noted.</p> <p>SED is aware that PG&amp;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 June 21, 2013.</p> <p style="text-align: center;">Table 1: Findings from PG&amp;E's Internal Review dated 6/13/13</p> <table border="1"> <thead> <tr> <th><b>Topic</b></th> <th><b>Code Violation</b></th> <th><b>Finding</b></th> <th><b>Instances</b></th> <th><b>Completion Date</b></th> </tr> </thead> <tbody> <tr> <td rowspan="3">Leak Survey Distribution</td> <td>192.723(b)(2)</td> <td>5-year maps leak surveyed in 2010 exceeded compliance due date of more than 63 months (between 1 and 4 months late)</td> <td>22</td> <td>2010</td> </tr> <tr> <td>192.723(b)(1)</td> <td>Annual maps leak surveyed in 2010 exceeded compliance due date of more than 15 months (between 1 and 4 months late)</td> <td>10</td> <td>2010</td> </tr> <tr> <td>192.723(b)(2)</td> <td>3-year maps leak surveyed in 2011 exceeded compliance due date of more than 39 months (between 3 and 5 months late)</td> <td>10</td> <td>2011</td> </tr> <tr> <td>Leak Survey Transmission</td> <td>192.706</td> <td>Annual and semi-annual leak survey exceeded compliance due date</td> <td>101</td> <td>2011, 2012</td> </tr> <tr> <td>Transmission Patrols</td> <td>192.13(c)</td> <td>Late follow-up on aerial report noting potential excavator encroachment in 2011</td> <td>1</td> <td>2011</td> </tr> </tbody> </table> | <b>Topic</b>  | <b>Code Violation</b> | <b>Finding</b>         | <b>Instances</b> | <b>Completion Date</b> | Leak Survey Distribution | 192.723(b)(2) | 5-year maps leak surveyed in 2010 exceeded compliance due date of more than 63 months (between 1 and 4 months late) | 22 | 2010 | 192.723(b)(1) | Annual maps leak surveyed in 2010 exceeded compliance due date of more than 15 months (between 1 and 4 months late) | 10 | 2010 | 192.723(b)(2) | 3-year maps leak surveyed in 2011 exceeded compliance due date of more than 39 months (between 3 and 5 months late) | 10 | 2011 | Leak Survey Transmission | 192.706 | Annual and semi-annual leak survey exceeded compliance due date | 101 | 2011, 2012 | Transmission Patrols | 192.13(c) | Late follow-up on aerial report noting potential excavator encroachment in 2011 | 1 | 2011 |
|--------------------------|---|---|-----------------------|------------------------|------------------|------------------------|--------------------------|---------------|---|----|------|---------------|---|----|------|---------------|---|----|------|--------------------------|---------|---|-----|------------|----------------------|-----------|---|---|------|
| <b>Topic</b>             | <b>Code Violation</b>   | <b>Finding</b>  | <b>Instances</b>      | <b>Completion Date</b> |                  |                        |                          |               |   |    |      |               |   |    |      |               |   |    |      |                          |         |   |     |            |                      |           |   |   |      |
| Leak Survey Distribution | 192.723(b)(2)   | 5-year maps leak surveyed in 2010 exceeded compliance due date of more than 63 months (between 1 and 4 months late) | 22                    | 2010                   |                  |                        |                          |               |   |    |      |               |   |    |      |               |   |    |      |                          |         |   |     |            |                      |           |   |   |      |
|                          | 192.723(b)(1)   | Annual maps leak surveyed in 2010 exceeded compliance due date of more than 15 months (between 1 and 4 months late) | 10                    | 2010                   |                  |                        |                          |               |   |    |      |               |   |    |      |               |   |    |      |                          |         |   |     |            |                      |           |   |   |      |
|                          | 192.723(b)(2)   | 3-year maps leak surveyed in 2011 exceeded compliance due date of more than 39 months (between 3 and 5 months late) | 10                    | 2011                   |                  |                        |                          |               |   |    |      |               |   |    |      |               |   |    |      |                          |         |   |     |            |                      |           |   |   |      |
| Leak Survey Transmission | 192.706   | Annual and semi-annual leak survey exceeded compliance due date   | 101                   | 2011, 2012             |                  |                        |                          |               |   |    |      |               |   |    |      |               |   |    |      |                          |         |   |     |            |                      |           |   |   |      |
| Transmission Patrols     | 192.13(c)   | Late follow-up on aerial report noting potential excavator encroachment in 2011                                     | 1                     | 2011                   |                  |                        |                          |               |   |    |      |               |   |    |      |               |   |    |      |                          |         |   |     |            |                      |           |   |   |      |

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|  |                         |  |   |     |                  |
|--|-------------------------|--|---|-----|------------------|
|  | Regulator Stations      | 192.805(b),<br>192.739(a),<br>192.745(a) | Annual A inspection and fire valve maintenance was performed by an operator (MAK3) that had an operator qualification discrepancy resulting in late maintenance. The issue was remediated promptly in 2011. A Inspection: 10 instances; Fire valve maintenance: 7 instances | 17  | 2011             |
|  |                         | 192.181(b),<br>192.13(c)                 | An inlet fire valve did not have adequate separation  | 1   | Pending 2014     |
|  | Valves                  | 192.805(b),<br>192.745(a)                | Annual valve maintenance was performed by an operator that had an operator qualification discrepancy (MAK3) resulting in late maintenance   | 38  | 2011             |
|  | Odorization             | 192.625(f)(2),<br>192.13(c)              | Weekly odor intensity tests not conducted   | 19  | 2011, 2012       |
|  | Instrument Calibrations | 192.13(c)                                | 5-year Leak Survey maps missing a record of calibration for various dates   | 20  | 2013             |
|  |                         | 192.13(c)                                | Operator error inputting instrument on calibration paper log - #5003 was out for repair   | 2   | 2013             |
|  |                         | 192.13(c)                                | June, July 2012 instrument calibration paper log missing for instrument #1019   | 7   | 2013             |
|  |                         | 192.13(c)                                | Missing record of calibration for instruments   | 60  | 2013             |
|  | Leak Repair             | 192.13(c)                                | No record of USA number on a below ground leak repair during working hours  | 5   | N/A              |
|  |                         | 192.13(c)                                | Leaks with late action noted in Section 192.703 of the Statistical Report   | 205 | 2010, 2011, 2012 |
|  | Corrosion Control       | 192.13(c)                                | Missing pre and/or post restoration rectifier reads   | 33  | 2010, 2011, 2012 |

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|  |                 |            |  |    |               |
|--|-----------------|------------|--|----|---------------|
|  |                 |            | in 2010  |    |               |
|  |                 | 192.465(a) | Annual pipe to soil read missed  | 2  | 2010, 2012    |
|  |                 | 192.13(c)  | Rectifier output not within interference test results  | 17 | Various Dates |
|  |                 | 192.13(c)  | Late readings of casings   | 2  | 2011, 2013    |
|  |                 | 192.13(c)  | June, July 2012 instrument calibration paper log missing for instrument #1019  | 7  | 2010, 2011    |
|  |                 | 192.465(a) | 10%er not read within 10 Years to-the-date in 2011   | 1  | 2011          |
|  |                 | 192.465(a) | Less than 10% of the total 10%er population monitored in 2010: (571 total, 46 monitored)   | 12 | 2012          |
|  | MAOP            | 192.553(b) | Small section (5% of total) was added to the Marina 56-psig MAOP system from a neighboring 15-psig MAOP system to increase capacity to a commercial sector. The pressure testing performed at the time of transfer tested to 50 psig, but the system is missing documents that the final required uprate stage of testing to 60 psig was performed @ Marina #56 (DM01) | 1  | Pending 2013  |
|  | Emergency Zones | 192.181(a) | Locations requiring new valves to properly isolate zones. The zone was previously mitigated by noting dig up and squeeze points in an emergency  | 9  | Pending 2014  |
|  | Emergency Plan  | 192.13(c)  | Missing rosters from 2010 training exercises   | 1  | 2013          |

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**PG&E RESPONSE**

**Regulator Stations**

DR-J38 inlet fire valve has since been maintained on schedule. A job order was created to replace the valve and is scheduled for replacement August in 2014. Order Number 42067907 will address the minimum 20' separation.

**MAOP**

On January 28, 2014, PG&E completed uprating a small section of pipe, which was part of a 15 psig system. This section of pipeline was uprated to an operating pressure of 56 psig, and is now part of the Marina 56# system (Attachment A).

**Emergency Zones**

10 locations specified to isolate distribution shutdown zones were found to have squeeze points rather than shutdown valves throughout Central Coast Division. Orders were initiated to replace squeeze isolation points with valves. Construction is scheduled to begin August 2014, and be completed no later than 12/31/2014.

**ATTACHMENTS**

| Attachment # | Title or Subject |
|--------------|------------------|
| A            | Marina Uprating  |

**ACTION REQUIRED**

| Action To Be Taken  | Due Date   | Responsible Dept. |
|---|------------|-------------------|
| Replace DR-J38 inlet valve to ensure minimum 20' separation | 8/31/2014  | I&R Dept          |
| Install 10 emergency valves                                 | 12/31/2014 | I&R Dept          |

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|-------------------------|----------------|---------------------|---------------------|
| June 17- 21, 2013       | NOV – 1        | Terence Eng         | (415) 703-5326      |

**INSPECTION FINDING**

| CPUC Finding                  | <p><b>B. Audit Findings and Violations</b></p> <p>1 <u>Title 49 CFR §192.13(c) states:</u></p> <p style="padding-left: 40px;"><i>“Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.”</i></p> <p>1.1 The instructions on Pole-Mount/Pedestal-Mount Rectifier Test and Site Evaluation Form FO-11.1-A, requires Division employees to check a box for each item inspected. One of the items requires that if the ground resistance is above 25 ohms, Division employees are required to verify the integrity of all grounding connections.</p> <p>The Division documented ground resistance readings of greater than 25 ohms at the following locations listed below in Table 2, but provided no documentation of verification of the integrity of all grounding connections.</p> <p style="text-align: center;"><b>Table 2:</b> Locations requiring verification of the integrity of all grounding connections</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th><b>Location</b></th> <th><b>CPA</b></th> <th><b>Rectifier</b></th> <th><b>Maintenance Year(s) out of Compliance</b></th> </tr> </thead> <tbody> <tr> <td>Inter-Garrison Rd, Fort Ord</td> <td>3899-55</td> <td>FO155</td> <td>2010, 2011, 2012</td> </tr> <tr> <td>Goodwin &amp; Phoenix, Seaside</td> <td>3897-62</td> <td>S5142</td> <td>2010, 2011, 2012</td> </tr> <tr> <td>Euclid and Ramona</td> <td>3896-98</td> <td>M141</td> <td>2012</td> </tr> <tr> <td>Imjin Rd and Neeson, Marina</td> <td>3836-99</td> <td>FO 156 Tap</td> <td>2010, 2011, 2012</td> </tr> <tr> <td>Luxton and Grandview, Seaside</td> <td>3897-52</td> <td>S5137</td> <td>2010, 2011, 2012</td> </tr> </tbody> </table> <p>1.2 PG&amp;E’s Standard O-16, Corrosion Control of Gas Facilities, page 8, states in part:</p> <p style="padding-left: 40px;"><i>“Cased pipeline crossings that are found to be contacted (the casing is in electrical contact with the pipeline) shall be reported to corrosion engineering personnel within 30 days of discovery of the contact. Contacted casing reported to corrosion engineering personnel will be remediated as part of the contacted casing remediation program administered by corrosion engineering personnel. Once included in the contacted casing remediation program, the cased crossing will be evaluated and assigned a priority number and listed on the current list of contacted</i></p> | <b>Location</b>  | <b>CPA</b>                                   | <b>Rectifier</b> | <b>Maintenance Year(s) out of Compliance</b> | Inter-Garrison Rd, Fort Ord | 3899-55 | FO155 | 2010, 2011, 2012 | Goodwin & Phoenix, Seaside | 3897-62 | S5142 | 2010, 2011, 2012 | Euclid and Ramona | 3896-98 | M141 | 2012 | Imjin Rd and Neeson, Marina | 3836-99 | FO 156 Tap | 2010, 2011, 2012 | Luxton and Grandview, Seaside | 3897-52 | S5137 | 2010, 2011, 2012 |
|-------------------------------|---|------------------|--|------------------|--|-----------------------------|---------|-------|------------------|----------------------------|---------|-------|------------------|-------------------|---------|------|------|-----------------------------|---------|------------|------------------|-------------------------------|---------|-------|------------------|
| <b>Location</b>               | <b>CPA</b>  | <b>Rectifier</b> | <b>Maintenance Year(s) out of Compliance</b> |                  |  |                             |         |       |                  |                            |         |       |                  |                   |         |      |      |                             |         |            |                  |                               |         |       |                  |
| Inter-Garrison Rd, Fort Ord   | 3899-55   | FO155            | 2010, 2011, 2012                             |                  |  |                             |         |       |                  |                            |         |       |                  |                   |         |      |      |                             |         |            |                  |                               |         |       |                  |
| Goodwin & Phoenix, Seaside    | 3897-62   | S5142            | 2010, 2011, 2012                             |                  |  |                             |         |       |                  |                            |         |       |                  |                   |         |      |      |                             |         |            |                  |                               |         |       |                  |
| Euclid and Ramona             | 3896-98   | M141             | 2012   |                  |  |                             |         |       |                  |                            |         |       |                  |                   |         |      |      |                             |         |            |                  |                               |         |       |                  |
| Imjin Rd and Neeson, Marina   | 3836-99   | FO 156 Tap       | 2010, 2011, 2012                             |                  |  |                             |         |       |                  |                            |         |       |                  |                   |         |      |      |                             |         |            |                  |                               |         |       |                  |
| Luxton and Grandview, Seaside | 3897-52   | S5137            | 2010, 2011, 2012                             |                  |  |                             |         |       |                  |                            |         |       |                  |                   |         |      |      |                             |         |            |                  |                               |         |       |                  |

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*cased crossings. Contacted cased crossings will be remediated as resources become available.”*

The Division did not include suspected contacts CCR157700 4-3896-H7 (discovered in 2010) and CCR217800 (last checked on 10/26/2012) in the contacted casing remediation program.

1.3 PG&E’s Standard O-16, Corrosion Control of Gas Facilities, page 11, states in part:

*“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. Please note that action plans shall also be established and maintained for short-term remedial actions that are in place for over 30 days. The action plan shall list and document the extenuating circumstance(s) to the extent known, the cause of the CPA problem (to the extent the cause is known), the desired solution(s), the actions needed to implement the solution, the estimated time to take those actions, and the employees who will perform those actions.”*

The Division did not use or develop a Cathodic Protection Area (CPA) Follow-Up Action Plan form within 30 days from the date the CPA was found below adequate levels of protection at the following bi-monthly locations listed in Table 3:

**Table 3: CPAs Without Follow-up Action Plans**

| <b>CPA</b> | <b>Date Inadequate Levels Discovered</b> | <b>Date Action Plan Created</b> | <b>Restoration Date</b> |
|------------|--|---------------------------------|-------------------------|
| 3964-75    | 8/3/2012                                 | None                            | 9/5/2012                |
| 3839-44    | 7/15/2010                                | 9/16/2010                       | 12/7/10                 |
| 3782-11    | 5/3/2012                                 | 6/18/2012                       | 5/8/13                  |
| 3598-02    | 3/8/2012                                 | 4/16/2012                       | 4/18/2012               |
| 3598-03    | 3/8/2012                                 | 4/16/2012                       | 4/18/2012               |
| 3674-04    | 1/12/2012                                | 2/16/2012                       | 3/14/2012               |
| 3675-05    | 7/11/2012                                | None                            | 8/24/2012               |

1.4 PG&E’s Standard O-16, Corrosion Control of Gas Facilities, page 11, states in part:

*“The action plan shall be updated in intervals not exceeding 30 calendar days by an employee knowledgeable of the restoration work and reviewed by the operating supervisor, until the CPA restoration work is completed and the CPA shows adequate levels of protection.”*

The Division did not update the CPA Follow-Up Action Plan form within intervals not exceeding 30 calendar days until the CPA restoration work was completed and

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|  |   |
|--|---|
|  | <p>the CPA showed adequate levels of protection in the following instances:</p> <p>1.4.1 CPA 3647-56 (bimonthly) – The Division updated the Plan at intervals exceeding 30 calendar days on multiple occasions.</p> <p style="padding-left: 40px;">Updated 7/9/12 and subsequently on 8/15/12 (37 day interval)<br/>Updated 2/22/12 and subsequently on 4/5/12 (43 day interval)<br/>Updated 6/13/11 and subsequently on 7/18/11 (35 day interval)</p> <p>1.4.2 CPA 3782-03 (bimonthly) – The Division updated the Plan at intervals exceeding 30 calendar days on multiple occasions.</p> <p style="padding-left: 40px;">Updated 12/15/11 and subsequently on 1/19/12 (35 day interval)<br/>Updated 2/22/12 and subsequently on 4/5/12 (43 day interval)<br/>Updated 7/9/12 and subsequently 8/15/12 (37 day interval)</p> <p>1.4.3 CPA 3782-11 (bimonthly) - The Division updated the Plan at intervals exceeding 30 calendar days on multiple occasions.</p> <p style="padding-left: 40px;">Updated 08/15/12 and subsequently on 09/20/12 (36 day interval)<br/>Updated 11/21/12 and subsequently on 12/26/12 (35 day interval)<br/>Updated 12/26/12 and subsequently on 01/29/13 (34 day interval)</p> <p>1.4.4 CPA 3782-02 (bimonthly) – The Division updated the Action plan on 7/1/11 and subsequently on 8/2/11, exceeding 30 calendar days.</p> <p>1.5 PG&amp;E’s Standard O-72 Approved Multimeters, page 2. states in part:</p> <p style="padding-left: 40px;"><i>“If the multimeter reading is <b>not</b> within ±1% of the VC-1 calibrator setting, then check the VC-1 calibrator with another multimeter and take appropriate action.”</i></p> <p>The Division performed a calibration of Multimeter Serial Number “Donald” on 5/18/12 and documented results on Form FO-72/73-A. On the form, the Division defined ±1% of the VC-1 calibrator as 1.485-1.515. The potential meter reading was 1.48, outside of the calibration requirement, yet the Division did not check the calibrator with another multimeter or take appropriate action.</p> <p>1.6 PG&amp;E’s Work Procedure WP4540-01 District Regulator Station Maintenance states in part:</p> <p>1.6.1 On Page 4: <i>“Operational and diagnostic testing for a Class A Inspection</i></p> |
|--|---|

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*must follow the instructions below.*

*1. Before disassembling any equipment components, document all “as found” information, including filter differential pressure, regulator and monitor set points, and the ability of the monitor and regulator to lock-up.”*

The Division did not check the ability of the regulator to lock-up at Regulator Station J-24 at 255 Fieldbrook, Wall Map 3678-G3 during its annual maintenance performed on 6/23/10.

1.6.2 On Page 4: *“Operational and diagnostic testing for a Class A Inspection must follow the instructions below.*

*3. Using an approved analog or digital differential pressure gauge, perform a filter differential pressure test and record the pressure reading.”*

On 4/16/13, the Division did not perform a filter differential pressure test or record the pressure reading during its annual maintenance of Regulator Station J-25, Poplar and Water Street (Single Stage).

1.6.3 On Page 12: *“The lead qualified mechanic on the crew and the supervisor must sign and date all maintenance records, including pressure recordings, with their printed LAN ID and initials. All entries and signatures must be made with non-erasable ink. Maintenance records must be filed in the district regulator maintenance folder.”*

The Division failed to sign and date the following regulator station maintenance records listed in Table 4 below.

**Table 4: Regulator Stations**

| <b>Station</b> | <b>Stage</b>  | <b>Wall Map</b> | <b>Location</b>  | <b>Date</b> | <b>Missing Signature</b> |
|----------------|---------------|-----------------|--|-------------|--------------------------|
| H-72           | 2nd           | 3845 E-5        | Location 1568 Murphy Rd. Paicines Town Set                       | 5/17/2012   | Supervisor               |
| H-79           | 1st, 2nd, 3rd | 3909 E-5        | Wattis Ranch S/O Panoche Rd (16 miles E/O Hwy 25) Panoche Valley | 6/16/2010   | Supervisor               |
| H-76           | 3rd           | 3846 J-4        | Callen Ranch Enter 6868 Panoche Rd, N. Side                      | 8/22/2012   | Mechanic                 |
| J-76           | Single        | 3752-E8         | 2652 San Juan Rd   | 12/14/2011  | Supervisor               |

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1.7 PG&E's Work Procedure WP4430-04 page 4 states in part:

*"Gas transmission valves classified as "emergency," gas distribution "critical" main valves, and district regulator station valves, including upstream and downstream fire valves, must be inspected, serviced/lubricated (where required, see the paragraph above), and operated (see Paragraph 3.A., "New Valves") at intervals not exceeding 15 months to the date, but at least once each calendar year. If a valve requiring lubrication (all plug valves and ball valves if a positive shutoff cannot otherwise be obtained. Gate valves do not require lubrication.) is not lubricated regularly, it may become inoperable, not shut off adequately when necessary, or develop external valve stem leakage."*

The Division did not lubricate plug valve SCV-B57-4 (V-4) at Regulator Station J-83 as required in 2011 or 2012.

**PG&E RESPONSE**

1.1

PG&E agrees with this finding. PG&E has since re-tested the five locations noted on Table 2, and verified that the integrity of all grounding connections was adequate (Attachment B).

PG&E is updating O-11.1, "Cathodic Protection Rectifiers, Installation and Purchasing Data " to provide more guidance and facilitate testing the ground resistance of the rectifier in order to assure the integrity of the ground connections is adequate.

1.2

PG&E agrees with this finding and has entered these locations into PG&E's work management system, SAP (SAP ID 41402659 and SAP ID 41471259). PG&E's corrosion engineering group will be using SAP as a centralized database for all contacted casings, and risk ranking these casings for prioritization of work (Attachment C).

1.3

PG&E agrees with this finding. Central Coast Division failed to update the CPA Action Plans every 30 days as required in Gas Standard O-16. To prevent recurrence, all CPA Action Plans identified system-wide, will be entered in the SAP Preventative Maintenance Tool. SAP will be programmed to generate a corrective

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order every 30 days until the area has been restored to adequate levels of protection. The corrective order will need to be completed describing the actions taken within the past 30 days. This programming revision is expected to be in place by May 30, 2014.

1.4.1-1.4.4

PG&E agrees with this finding. The same preventative actions noted for 1.3 apply to these locations. The SAP maintenance scheduling tool will be programmed to generate a corrective order every 30 days until the area has been restored to adequate protection levels. The corrective order will need to be completed describing the actions taken within the past 30 days. This programming revision is expected to be in place by May 30, 2014.

1.5

PG&E agrees with this finding. Since the person assigned to perform the calibration did not carry out three decimal places, it is unclear whether or not the third decimal was within acceptable limits. Subsequent readings did carry out the reads to three decimal places. To prevent reoccurrence, Form FO-72/73-A was reviewed and a tailboard was conducted with the Central Coast Division corrosion work group (Attachment D).

1.6.1

PG&E agrees with this finding. The Instrumentation and Regulation (I&R) mechanic failed to record whether or not the regulator lockup was performed on the 2010 maintenance record. This required step was performed and clearly noted on the subsequent maintenance records: 2011, 2012, and 2013 (Attachment E) To prevent recurrence, the Central Coast I&R Supervisor and Senior Division Engineer performed a tailboard for Utility Procedure TD-4540P-01 with the entire I&R group emphasizing the lockup requirement (Attachment D). This procedure was recently updated in October 2013, and reinforces the importance of performing all tasks and properly documenting the all the steps pertinent to each station. In the long-term, as part of the Mariner Program additional controls for proper maintenance documentation will be implemented with the deployment of mobile devices to capture maintenance activities electronically. The mobile devices will directly update the SAP Preventative Maintenance tool. SAP will have validations that will not allow for preventative maintenance to be prematurely or inadvertently closed without proper inputting by maintenance personnel. The SAP conversion and deployment of mobile devices are expected to be completed for the Divisions in 2014.

1.6.2

PG&E agrees with this finding. The I&R mechanic failed to record the filter differential on the maintenance record in the 2013 inspection. The differential was taken a day after it was found missing (Attachment F). To prevent recurrence, the

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Central Coast I&R Supervisor and Senior Engineer performed a tailboard briefing for Utility Procedure TD-4540P-01 with the entire I&R group emphasizing the filter differential requirement (Attachment D). Similar to 1.6.1, this procedure was recently updated in October 2013, and reinforces the importance of performing all tasks and properly documenting all the steps pertinent to each station.

In the long-term, as part of the Mariner Program will provide additional controls for proper maintenance documentation. Please refer to PG&E's response to NOV 1.6.1 for additional details regarding this program.

**1.6.3**

PG&E agrees with these findings. To prevent recurrence, similar to PG&E's response to NOV 1.6.1, the Central Coast I&R Supervisor and Senior Engineer conducted a tailboard briefing for Utility Procedure TD-4540P-01 with the entire I&R group. The tailboard included the requirements noted on section 7- Ensuring Compliance and Control (page 31), which specifies the 7 supervisor responsibilities for proper completion of regulator station inspection (Attachment D).

In the long-term, as part of the Mariner Program will provide additional controls for proper maintenance documentation. Please refer to PG&E's response to NOV 1.6.1 for additional details regarding this program.

**1.7**

PG&E agrees with this finding. Valve SCV-B57-4 (V-4) was lubricated during the 2013 maintenance (See Attachment G). To prevent reoccurrence, Central Coast I&R Supervisor & Senior Division Engineer conducted a tailboard briefing for Utility Procedure TD-4430P-04 with the entire I&R group (Attachment D). This procedure was recently updated in January 2014, and it clearly notes the maintenance needed for plug valves and all other valve types.

In the long-term, the Mariner Program will provide additional controls for proper maintenance documentation. Please refer to PG&E's response to NOV 1.6.1 for additional details regarding this program.

**ATTACHMENTS**

| <b>Attachment #</b> | <b>Title or Subject</b>                  |
|---------------------|--|
| B                   | Rectifier Test and Site Evaluation Forms |
| C                   | Casing Prioritization Tailboard          |
| D                   | Tailboard O-16,O-22, & O-73              |
| E                   | J24 Regulator Maintenance Records        |

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|   |                         |
|---|-------------------------|
| F | J-25 Maintenance Record |
| G | V-4 Maintenance Record  |

**ACTION REQUIRED**

| <b>Action To Be Taken</b> | <b>Due Date</b> | <b>Responsible Dept.</b> |
|---------------------------|-----------------|--------------------------|
| Update O-11.1             | 6/1/2014        | Codes and Standards      |

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|-------------------------|----------------|---------------------|---------------------|
| June 17- 21, 2013       | NOV – 2        | Terence Eng         | (415) 703-5326      |

**INSPECTION FINDING**

|                     |  |
|---------------------|--|
| <b>CPUC Finding</b> | <p><u>Title 49 CFR §192.475(b) states in part:</u></p> <p><i>“Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion.”</i></p> <p>The Division’s Leak Repair, Inspection, and Gas Quarterly Incident Report (A-Form) at San Juan Road 2400’ Northwest of San Miguel Road, Aromas for the replacement of pipeline L-181A dated 3/21/12, lists the reason for inspection as “Pipe replacement” yet the Division did not document the performance of an internal inspection.</p> |
|---------------------|--|

**PG&E RESPONSE**

|   |
|---|
| <p>PG&amp;E agrees with this finding. To prevent reoccurrence, a review of the potential findings was conducted during our monthly compliance meeting, following the CPUC audit, to stress the requirement under Title 49 CFR192.4759 (b). In addition the Mapping Department recently conducted an A-Form tailboard to assure the inspections are being conducted when applicable (Attachment D). The Corrective Action Program (CAP) provides employees with a process to identify and document issues. The issues are assessed for risk, evaluated and any resulting corrective and preventive actions are tracked to completion. Pipeline Engineering has recently initiated a CAP notification (7001402) to assist and help reinforce this requirement system-wide (Attachment H).</p> <p>In the long-term, the Mariner Program will provide additional controls for proper maintenance documentation. Please refer to PG&amp;E’s response to NOV 1.6.1 for additional details regarding this program.</p> |
|---|

**ATTACHMENTS**

| <b>Attachment #</b> | <b>Title or Subject</b> |
|---------------------|-------------------------|
| D                   | Tailboard               |
| H                   | CAP Notification        |

**ACTION REQUIRED**

|                            |
|----------------------------|
| No further action required |
|----------------------------|

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|-------------------------|----------------|---------------------|---------------------|
| June 17- 21, 2013       | NOV – 3        | Terence Eng         | (415) 703-5326      |

**INSPECTION FINDING**

|                                    |   |                                    |   |                |   |
|------------------------------------|---|------------------------------------|---|----------------|---|
| CPUC Finding                       | <p><u>Title 49 CFR §192.481 states in part:</u></p> <p><i>“(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:”</i></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 5px;"><i>If the pipeline is located:</i></td> <td style="padding: 5px;"><i>Then the frequency of inspection is:</i></td> </tr> <tr> <td style="padding: 5px;"><i>Onshore</i></td> <td style="padding: 5px;"><i>At least once every 3 calendar years, but with intervals not exceeding 39 months</i></td> </tr> </table> <p>The Division last inspected exposed main pipeline D55 at Moosehead Dr. and Winfield/Aptos Circle, Watsonville District, on 12/16/09. On 11/15/11, the Division discovered that the water level was too high over the main pipeline; therefore, it did not perform an inspection. The Division did not perform an inspection between 2009 and the start of this 2013 audit, an interval of over three calendar years.</p> | <i>If the pipeline is located:</i> | <i>Then the frequency of inspection is:</i> | <i>Onshore</i> | <i>At least once every 3 calendar years, but with intervals not exceeding 39 months</i> |
| <i>If the pipeline is located:</i> | <i>Then the frequency of inspection is:</i>   |                                    |   |                |   |
| <i>Onshore</i>                     | <i>At least once every 3 calendar years, but with intervals not exceeding 39 months</i>   |                                    |   |                |   |

**PG&E RESPONSE**

|  |
|--|
| <p>PG&amp;E agrees with this finding. The inspection was performed on 6/21/13 (Attachment I). To prevent recurrence, the inspection anniversary month will be moved up to September to have access for any follow-up inspections prior to the rain season. Additionally PG&amp;E will track inspections through the SAP Preventative Maintenance Tool. The Central Coast Division is scheduling a follow up evaluation to determine the condition of the pipe span, and the appropriate mitigation to apply.</p> |
|--|

**ATTACHMENTS**

| <b>Attachment #</b> | <b>Title or Subject</b> |
|---------------------|-------------------------|
| I                   | Exposed Pipe Inspection |

**ACTION REQUIRED**

| <b>Action To Be Taken</b>                                 | <b>Due Date</b> | <b>Responsible Dept.</b>       |
|---|-----------------|--------------------------------|
| Schedule a follow-up evaluation and determine mitigation. | 6/30/2014       | Central Coast Division Gas M&C |

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|-------------------------|----------------|---------------------|---------------------|
| June 17- 21, 2013       | NOV – 4        | Terence Eng         | (415) 703-5326      |

**INSPECTION FINDING**

|                     |  |
|---------------------|--|
| <b>CPUC Finding</b> | <p>Title 49 CFR §192.745(a) states:</p> <p><i>“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.”</i></p> <p>The Division did not inspect fire valve SCV-A07-10 of regulator station K-15 in 2012.</p> |
|---------------------|--|

**PG&E RESPONSE**

|   |
|---|
| <p>PG&amp;E agrees with this finding and shares the CPUC’s concern with ensuring all field observations and work are documented adequately. PG&amp;E continues to provide its field personnel with training to stress the importance of appropriately documenting their work. The inspection entry was left blank but the valve was maintained on time in 2012. In 2013, the inspection and maintenance were both noted correctly on the valve form (Attachment J).</p> <p>To prevent reoccurrence, the Senior Division Engineer conducted a tailboard for Utility Procedure TD-4430P-04, and reviewed Form TD-4430P-04-F02 with the entire I&amp;R group (Attachment D). Utility Procedure TD-4430P-04 was recently updated in January 2014, and it clearly delineates the activities for valve maintenance.</p> <p>In the long-term, the Mariner Program will provide additional controls for proper maintenance documentation. Please refer to PG&amp;E’s response to NOV 1.6.1 for additional details regarding this program.</p> |
|---|

**ATTACHMENTS**

| <b>Attachment #</b> | <b>Title or Subject</b> |
|---------------------|-------------------------|
| D                   | Tailboard               |
| J                   | K-15 Maintenance Form   |

**ACTION REQUIRED**

|                            |
|----------------------------|
| No further action required |
|----------------------------|

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|-------------------------|----------------|---------------------|---------------------|
| June 17- 21, 2013       | NOV – 5        | Terence Eng         | (415) 703-5326      |

**INSPECTION FINDING**

|                     |   |
|---------------------|---|
| <b>CPUC Finding</b> | <p><u>Title 49 CFR §192.805 states in part:</u></p> <p><i>“Each operator shall have and follow a written qualification program. The program shall include provisions to:</i></p> <p style="padding-left: 40px;"><i>(b) Ensure through evaluation that individuals performing covered tasks are qualified”</i></p> <p>The Division did not ensure through evaluation that employee MAK3 was qualified to perform regulator station maintenance at station SRS60 on 2/8/11.</p> |
|---------------------|---|

**PG&E RESPONSE**

|  |
|--|
| <p>PG&amp;E agrees with this finding. All the work performed by this employee was completed by a qualified mechanic during the subsequent maintenance (Attachment K and L). The employee has since been evaluated and qualified to perform regulator station maintenance. To prevent recurrence, the supervisor will review qualifications for the entire I&amp;R group regularly.</p> |
|--|

**ATTACHMENTS**

| <b>Attachment #</b> | <b>Title or Subject</b>        |
|---------------------|--------------------------------|
| K                   | SRS60 Maintenance Form         |
| L                   | Employee Qualification Records |

**ACTION REQUIRED**

|                            |
|----------------------------|
| No further action required |
|----------------------------|

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|-------------------------|----------------|---------------------|---------------------|
| June 17- 21, 2013       | Field Review   | Terence Eng         | (415) 703-5326      |

**INSPECTION FINDING**

|                     |   |
|---------------------|---|
| <b>CPUC Finding</b> | <p><b>C. Field Review</b></p> <p>During our field visits on June 20, SED discovered inadequate levels of cathodic protection as outlined by Appendix D to Part 192 at the following locations.</p> <ol style="list-style-type: none"> <li>1. 1160 Olympia, Seaside; Pipe-to-soil potential: -526mV</li> <li>2. 77 Via Chualar, Monterey; Pipe-to-soil potential: -826mV</li> </ol> <p>Please provide a status report on the cathodic protection at these two locations.</p> |
|---------------------|---|

**PG&E RESPONSE**

|  |
|--|
| <p>Both CP areas were addressed and brought up to acceptable levels (Attachment M). To help prevent recurrence, all entries with readings below -950mV, will trigger a SAP corrective work tag to have the corrosion department either install a drivable anode or to have engineering estimating process a job order to replace the service if it was installed prior to 1985. PG&amp;E will be updating O-16, "Corrosion Control of Gas Facilities ", which will implement a new process to review areas and identify if additional monitoring points are required.</p> <ol style="list-style-type: none"> <li>1. 1160 Olympia, Seaside; Pipe-to-soil potential: -881mV</li> <li>2. 77 Via Chualar, Monterey; Pipe-to-soil potential: -1139mV</li> </ol> |
|--|

**ATTACHMENTS**

| <b>Attachment #</b> | <b>Title or Subject</b> |
|---------------------|-------------------------|
| M                   | CP Reads                |

**ACTION REQUIRED**

| <b>Action To Be Taken</b> | <b>Due Date</b> | <b>Completion Date</b> | <b>Responsible Dept.</b> |
|---------------------------|-----------------|------------------------|--------------------------|
| Publish Updates to O-16   | 3/31/2014       |                        | Codes and Standards      |

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|-------------------------|----------------|---------------------|---------------------|
| June 17- 21, 2013       | AOC – 1        | Terence Eng         | (415) 703-5326      |

**INSPECTION FINDING**

|                     |   |
|---------------------|---|
| <b>CPUC Finding</b> | <p><b>D. Recommendations and Areas of Concern</b></p> <p>1. The Division listed Valves V-B51-1 and V-B51-2, Santa Cruz District, Kearney St. and Walker St at Regulator Station J68 as being Distribution valves in 2010 and 2011. The Division listed the valves as Transmission valves in 2012 with no apparent change in pressure or operation. Please provide an explanation for the discrepancy.</p> |
|---------------------|---|

**PG&E RESPONSE**

|  |
|--|
| <p>PG&amp;E agrees with the CPUC’s concern about the discrepancy in valve designation. Fire valves are generally found on transmission lines within PG&amp;E. PG&amp;E has revised Utility Procedure TD-4430P-04, “Gas Valve Maintenance”, to provide more guidance and clarity on labeling distribution station valves (Attachment N). A tailboard was performed on 1/27/14 to address these discrepancies with the entire I&amp;R group (Attachment D). In the long-term, the Mariner Program will provide additional controls for proper maintenance documentation. Please refer to PG&amp;E’s response to NOV 1.6.1 for additional details regarding this program.</p> |
|--|

**ATTACHMENTS**

| <b>Attachment #</b> | <b>Title or Subject</b>                      |
|---------------------|--|
| D                   | Valve Maintenance Tailboard                  |
| N                   | TD 4430P-04, Gas Valve Maintenance Procedure |

**ACTION REQUIRED**

|                            |
|----------------------------|
| No further action required |
|----------------------------|

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|-------------------------|----------------|---------------------|---------------------|
| June 17- 21, 2013       | AOC – 2        | Terence Eng         | (415) 703-5326      |

**INSPECTION FINDING**

|                     |   |
|---------------------|---|
| <b>CPUC Finding</b> | On the Valve Maintenance Record Form for V-X02-1 and V-X02-2 at Regulator Station J55, Tuttle Ave and East Lake, Santa Cruz District, the Division marked the valves as both Distribution and Emergency valves in 2010 and 2011. PG&E’s WP4430-04 Attachment 1, Valve Maintenance Record Instructions, page 1 explains that distribution valves should be marked as a ‘station valve’ or ‘critical main valve’, implying that it cannot be marked as an ‘emergency valve’. Please provide an explanation for the discrepancy. |
|---------------------|---|

**PG&E RESPONSE**

PG&E agrees with the CPUC’s concern about the discrepancy in valve designation. PG&E revised Utility Procedure TD-4430P-04, “GasValve Maintenance”, to provide more clarity around valve designation (Attachment N) and renames them as ‘Transmission Emergency Valves, thus preventing the name to be misused on distribution facilities. In the long-term, the Mariner Program will provide additional controls for proper maintenance documentation. Please refer to PG&E’s response to NOV 1.6.1 for additional details regarding this program.

**ATTACHMENTS**

| <b>Attachment #</b> | <b>Title or Subject</b>                      |
|---------------------|--|
| N                   | TD-4430P-04, Gas Valve Maintenance Procedure |

**ACTION REQUIRED**

No further action required

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                          AOC – Area of Concern