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June 25, 2015

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-E Audit – PG&E’s North Valley Division

Dear Mr. Bruno:

The Safety and Enforcement Division (SED) of the CPUC conducted a General Order 112-E audit of PG&E’s North Valley Division from April 13 through April 17, 2015. On May 29, 2015, 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) 244-3388 or gmad@pge.com for any questions you may have regarding this response.

Sincerely,

/S/
Larry Deniston

Attachments

cc: Aimee Cauguiran, CPUC
Dennis Lee, CPUC

Mike Falk, PG&E
Sumeet Singh, PG&E

2015 North Valley Division Audit Findings and Responses

Finding Type [Internal, NOV, AOC]	Finding #	Finding	Response	Associated Attachment (File Name)										
NOV Internal Findings	1	<p>Prior to the start of the inspection, PG&E provided SED its findings from the internal review it conducted of North Valley 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), §192.605(a). SED is aware that PG&E corrected some of its findings prior to SED's inspection. Table I lists all of the violations from PG&E's internal review.</p> <p>Please provide SED an update on the items that were still pending corrective actions as of April 17, 2015.</p>	<p>Attached, please find Attachment 1 -"Internal Findings" and Attachment 2 - "North Valley Division Audit Internal Review", indicating the findings, corrective actions taken and the closure date.</p> <p>Open item: Less than 10% reads taken of isolated risers in 2013 & 2014. PG&E's Corrosion Group is evaluating this issue to determine the cause and extent, and to develop appropriate corrective and preventive actions. Planned Completion: 7/31/2015. Based upon corrosion group evaluation, controls will be established to prevent reoccurrence: 12/31/15</p> <p>Update: PG&E has evaluated the issue. To prevent reoccurrence, PG&E is now performing a monthly check by an Asset Strategist to ensure that we are meeting the 10% minimum requirement. If the division falls below 10% or is projected to fall below 10% by the end of the year, the Asset Strategist will work with the Corrosion Supervisor to determine how many services to pull forward from the next year into the current year. PG&E is also developing a new report to automate this calculation. PG&E estimates that this will be completed and implemented by the end of 2015. This report will determine how many services must be pulled forward to meet the requirement. This will eliminate the manual QC being performed by the Asset Strategist, but will still be provided by the Asset Strategy group.</p> <p>In addition, a 5 Minute Meeting is being developed by the PG&E Codes and Standards Group in order to inform personnel in all Divisions of this new process. Planned completion and implementation is estimated for 3rd quarter 2015.</p>	<p>Att 1_Internal Findings.pdf Att 2_North Valley Audit Internal Review_CONF.pdf</p>										
NOV	2	<p>Title 49 CFR §192.467(d) states: "Inspection and electrical tests must be made to assure that electrical isolation is adequate."</p> <p>In addition, page 8 of PG&E's standard O-16, "Corrosion Control of Gas Facilities," states in part:</p> <p>"G. Casing Monitoring and Maintenance: Local transmission, backbone transmission pipelines, and gas gathering pipeline cased crossings must be monitored annually (once each calendar year with intervals not to exceed 15 months) and recorded in PLM."</p> <p>SED reviewed the Division's casing monitoring records and found the Division did not inspect the following four casings, listed in Table 2 below, during the 2013 calendar year</p> <p>Table 2: Casing locations not monitored in 2013</p> <table border="1" data-bbox="313 1316 873 1463"> <thead> <tr> <th>Location</th> <th>Equipment Number</th> </tr> </thead> <tbody> <tr> <td>ETS, Potential, Casing, L402 MP 21.73</td> <td>43136222</td> </tr> <tr> <td>ETS, Potential, Casing, L1043-01, MP 0.0</td> <td>42773488</td> </tr> <tr> <td>ETS, Potential, Casing, DREG5468 MP 1.82</td> <td>42680202</td> </tr> <tr> <td>ETS, Potential, Casing, DREG5468 MP 2.11</td> <td>42680215</td> </tr> </tbody> </table> <p>Therefore, PG&E is in violation of 192.467(d) for failing to inspect and electrically test its casings to assure electrical isolation is adequate.</p>	Location	Equipment Number	ETS, Potential, Casing, L402 MP 21.73	43136222	ETS, Potential, Casing, L1043-01, MP 0.0	42773488	ETS, Potential, Casing, DREG5468 MP 1.82	42680202	ETS, Potential, Casing, DREG5468 MP 2.11	42680215	<p>The following is a summary of the 4 casing locations in question.</p> <p>42680202 - No 2013 reads observed. 2014 reads were completed on 8/6/2014. Readings taken were pipe to soil -900 mV and casing to soil -351 mV. See attachment 3, page 2 - "NOV2".</p> <p>42680215 - No 2013 reads observed. 2014 reads were completed on 8/6/2014. Readings taken were pipe to soil -917 mV and casing to soil -384 mV. See attachment 3, page 2 - "NOV2".</p> <p>42773488 - By review of PLM, this location was matched to equipment 41421660 (ETS, POTENTIAL, CASING GCUST-5930 MP0.01=RR xing at Hwy 273 across from Hill) and readings were completed on 7/19/2013. Readings taken were pipe to soil -1136 mV and casing to soil -384 mV. See attachment 3, page 1 - "NOV2". In addition, the 2014 reads were completed on 6/10/2014. Readings taken were pipe to soil -1148 mV and casing to soil -488 mV. See attachment 3, page 2 - "NOV2".</p> <p>43136222 - No 2013 reads observed. 2014 reads were completed on 6/6/2014. Readings taken were pipe to soil -1124 mV and casing to soil -349 mV. See attachment 3, page 2 - "NOV2".</p> <p>To prevent reoccurrence, these casings have been placed in SAP as part of the preventative maintenance program. This will ensure that these casings are annually monitored in order to meet compliance testing commitments. See attachment 4 -"2015 SAP PM CP Posting". In addition, please note that PG&E's standard O-16 has been superseded and casings are now covered in Utility Procedure TD-4181P-01, "Testing Procedures for Pipe Casings". See attachment 5.</p>	<p>Att 3_NOV 2_CONF.pdf Att 4_2015 SAP PM CP Posting_CONF.pdf Att 5_TD-4181P-601_CONF.pdf</p>
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2015 North Valley Division Audit Findings and Responses

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NOV	3	<p>Title 49 CFR §192.605(a) states: “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.”</p> <p>PG&E’s Standard O-16, Corrosion Control of Gas Facilities, page 9, states in part: “A. Monitor facilities protected with galvanic anodes by using P/S potentials as follows: Monitor isolated gas distribution piping segments that are over 100’ long but less than or equal to 8 blocks of steel main or 1 mile of steel main at least once each calendar year, but with intervals not to exceed 15 months from the day of the previous read.”</p> <p>SED reviewed the Division’s corrosion monitoring records and found the Division did not monitor the following two annual read locations during the 2013 calendar year</p> <p>1. 130 N. Butte Street, Willows, CPA 10W007 2. 339 Sycamore Street, Willows, CPA 10W007</p> <p>Therefore, PG&E is in violation of 192.605(a) for failing to follow its standard to monitor the cathodic protection test locations</p>	<p>CPA 10W007 in Willows is not an Annual Cathodic Protection Area. 10W007 is a rectified CPA with yearly and bi-monthly monitoring points. The two read points at 130 N. Butte Street and 339 Sycamore Street were not accurately added into SAP and therefore appeared on the 2013 annual cathodic protection area report. This error has been corrected and they do not appear in current reports. See attachment 6, "CPA 10W007 2013" and attachment 7, "CPA 10W007 2015".</p>	<p>Att 6_CPA 10W007 2013_CONF.pdf Att 7_CPA 10W007 2015_CONF.pdf</p>																																														
AOC	1	<p>Title 49 CFR §192.467(a) states: “Each buried or submerged pipeline must be electrically isolated from other underground metallic structures, unless the pipeline and the other structures are electrically interconnected and cathodically protected as a single unit.”</p> <p>In addition, page 8 of PG&E’s standard O-16, “Corrosion Control of Gas Facilities,” states in part: “G. Casing Monitoring and Maintenance ...The casing is considered to be in electrical contact with the pipeline when the casing-to-soil potential is –800 mV or more negative and/or the difference between the P/S potential and the casing-to-soil potential is less than 100 mV. If one or both of these two conditions are found, further testing as described in Utility Standard D-S0354/S4126 is required.”</p> <p>SED reviewed the District’s casing monitoring records and found the following 4 locations, shown in Table 3 below, with casing-to-soil potential readings that, according to PG&E’s standard, indicate the presence of pipe-to-casing electrical contacts. SED also field visited and recorded the two locations’ read.</p> <p>Table 3: Casing Monitoring Records with contact indications</p> <table border="1" data-bbox="313 1239 1317 1421"> <thead> <tr> <th rowspan="2">Casing</th> <th rowspan="2">Bar ID</th> <th colspan="2">2013 (mV)</th> <th colspan="2">2014 (mV)</th> <th colspan="2">SED Field visit</th> </tr> <tr> <th>PTS</th> <th>CTS</th> <th>PTS</th> <th>CTS</th> <th>PTS</th> <th>CTS</th> </tr> </thead> <tbody> <tr> <td>1012-01, MP 2.83</td> <td>NVC127010, 1905-I3</td> <td>-1016</td> <td>-832</td> <td>-1183</td> <td>-891</td> <td></td> <td></td> </tr> <tr> <td>L050A, MP 26.63</td> <td>NVC117060, 1907-F3</td> <td>-830</td> <td>-919</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>L050A, MP 33.37</td> <td>NVC067050, 1845-E3</td> <td>-1152</td> <td>-1152</td> <td>-1013</td> <td>-805</td> <td>-1065</td> <td>-830</td> </tr> <tr> <td>1039-01, MP 0.84</td> <td>NVC077010, 1784-I6</td> <td>-1185</td> <td>-1086</td> <td>-1116</td> <td>-859</td> <td>-1350</td> <td>-986</td> </tr> </tbody> </table> <p>PTS: Pipe to Soil CTS: Casing to Soil</p> <p>Please indicate the corrective actions taken to address these conditions, and any testing done to determine the pipeline condition after the discovery of the contacts.</p>	Casing	Bar ID	2013 (mV)		2014 (mV)		SED Field visit		PTS	CTS	PTS	CTS	PTS	CTS	1012-01, MP 2.83	NVC127010, 1905-I3	-1016	-832	-1183	-891			L050A, MP 26.63	NVC117060, 1907-F3	-830	-919					L050A, MP 33.37	NVC067050, 1845-E3	-1152	-1152	-1013	-805	-1065	-830	1039-01, MP 0.84	NVC077010, 1784-I6	-1185	-1086	-1116	-859	-1350	-986	<p>Below are the corrective actions and status on the identified contacted casings:</p> <p>- Casing 1012-01. MP 2.83 NVC127010, EQ 41392742 Location added to corrosion engineering master contact list in 2014. Contractor tested location in September 2014 and found no contact. Location will continue to be monitored, though no mitigation is planned for now. Casing will be tested again in 2015 to confirm no contact is present.</p> <p>- Casing L050A, MP 26.63 NVC117060, EQ# 41390849 Location added to corrosion engineering master contact list in 2014. Contractor tested location in September 2014 and found no contact. Location will continue to be monitored, though no mitigation is planned for now. Casing has been reviewed by corrosion engineering and will be scheduled for a removal in 2016.</p> <p>- Casing 1039-01. MP 0.84 NVC077010, EQ# 41394175 Location added to corrosion engineering master contact list in 2014. Contractor tested location and found metallic contact. Location scheduled for mitigation in late 2015/early 2016.</p> <p>- Casing, L050A, MP 33.37 NVC067050, EQ# 41390751 Location added to corrosion engineering master contact list in 2014. Contractor tested location in July 2014 and found no contact. Location will continue to be monitored. PG&E is currently considering the possible retirement of this cased line. A meeting between the Casings Program Manager and Pipeline Engineering has been scheduled to take place the week of 6/29/2015.</p>	
Casing	Bar ID	2013 (mV)			2014 (mV)		SED Field visit																																											
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AOC	2	<p>The atmospheric corrosion monitoring record of exposed span at 1st street bridge in Biggis (route 12B006) noted pitting on the pipeline at the transition of Air-to-Soil during 05/202014 inspection. SED field visit also confirmed the existence of the pitting on the pipe, mainly at the Air-to-Soil transition.</p> <p>Please provide an update to address this concern along with expected completion dates.</p>	<p>PM #31077823 has been initiated to replace the exposed and damaged section of main. The Job has been funded and is scheduled for construction in 2016. See attachment 8 - Order Summary 31077823. The pitting on the pipe has been evaluated and does not represent a safety concern. MAOP of this distribution line is 60 psig. In addition, this span will be regularly monitored on an annual basis.</p>	<p>Att 8_Order Summary 31077823_CONF.pdf</p>																																														

2015 North Valley Division Audit Findings and Responses

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AOC	3	<p>During SED’s field visit, the Division recorded the following low pipe-to-soil readings, as listed below in Table 4.</p> <p>Table 4: Low pipe-to-soil (PTS) reads</p> <table border="1" data-bbox="323 399 1006 808"> <thead> <tr> <th>Inspection Cycle</th> <th>CPA</th> <th>Address</th> <th>City/Area</th> <th>Reading (mV)</th> </tr> </thead> <tbody> <tr> <td>Bi-Monthly</td> <td>1079-12</td> <td>2745 Russel St</td> <td>Redding</td> <td>-749</td> </tr> <tr> <td></td> <td></td> <td>3505 Elizabeth Way</td> <td>Redding</td> <td>-812</td> </tr> <tr> <td>Bi-Monthly</td> <td>1564-01</td> <td>4075 Oren Rd</td> <td>Corning</td> <td>-840</td> </tr> <tr> <td></td> <td></td> <td>4090 Mary Rd</td> <td>Corning</td> <td>-764</td> </tr> <tr> <td>Bi-Monthly</td> <td>1563-01A</td> <td>409 Houghton Ave Alley</td> <td>Corning</td> <td>-646</td> </tr> <tr> <td>Bi-Monthly</td> <td>177001R7</td> <td>Hall Rd</td> <td>Corning</td> <td>-766</td> </tr> <tr> <td>Bi-Monthly</td> <td>1080-03</td> <td>5063 Surey Dr</td> <td>Redding</td> <td>-543</td> </tr> <tr> <td>Bi-Monthly</td> <td>1079-12</td> <td>1410 Elmwood</td> <td>Redding</td> <td>-767</td> </tr> <tr> <td>Bi Monthly</td> <td>102002</td> <td>4190 Road KK</td> <td>Orland</td> <td>-644</td> </tr> <tr> <td>Bi Monthly</td> <td>10W005</td> <td>1045 Walnut</td> <td>Willows</td> <td>-758</td> </tr> <tr> <td>Yearly</td> <td>10W005</td> <td>130 N Enright</td> <td>Willows</td> <td>-745</td> </tr> <tr> <td>Annual</td> <td>12B004</td> <td>208 Sierra Vista</td> <td>Gridley</td> <td>-521</td> </tr> <tr> <td>10%er</td> <td></td> <td>24835 Mechanic Street</td> <td>Fall River</td> <td>-775</td> </tr> </tbody> </table> <p>Please provide an update on the above out of compliance pipe-to-soil reads.</p>	Inspection Cycle	CPA	Address	City/Area	Reading (mV)	Bi-Monthly	1079-12	2745 Russel St	Redding	-749			3505 Elizabeth Way	Redding	-812	Bi-Monthly	1564-01	4075 Oren Rd	Corning	-840			4090 Mary Rd	Corning	-764	Bi-Monthly	1563-01A	409 Houghton Ave Alley	Corning	-646	Bi-Monthly	177001R7	Hall Rd	Corning	-766	Bi-Monthly	1080-03	5063 Surey Dr	Redding	-543	Bi-Monthly	1079-12	1410 Elmwood	Redding	-767	Bi Monthly	102002	4190 Road KK	Orland	-644	Bi Monthly	10W005	1045 Walnut	Willows	-758	Yearly	10W005	130 N Enright	Willows	-745	Annual	12B004	208 Sierra Vista	Gridley	-521	10%er		24835 Mechanic Street	Fall River	-775	<p>Please see attachment attachment 9, "AOC 3" for an update on the low pipe to soil reads including order numbers, notification numbers and current status.</p>	<p>Att 9_AOC 3_CONF.pdf</p>
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AOC	4-1	<p>PG&E Utility Bulletin TD-O-16B-001 states that all SAP records, once a Division is stabilized in SAP are the auditable records. SAP records were not complete as stated in PG&E Utility Bulletin TD-O-16B-001, considering the North Valley Division was stabilized in SAP on 1/1/12. Thus, accurate auditable records of corrosion control maintenance data were not initially provided to CPUC auditors due to inconsistent and incomplete data queried from the SAP database. Table 5 below includes examples of issues identified during the North Valley Division audit. Please provide SED with the results of PG&E’s evaluation of the issues below and corrective actions taken.</p> <p>Issue Identified: Auditable records were not fully stabilized in SAP on 1/1/12 as stated by PG&E corrosion engineers on 4/16/15. SED auditors reviewed hard copy paper records in addition to SAP electronic records due to the fact that the SAP records were not complete as stated in PG&E Utility Bulletin TD-O-16B-001. PG&E Utility Bulletin TD-O-16B-001 is not implementable if corrosion mechanics do not have mobile units in their field trucks or the proper software available to record corrective work orders. This Utility Bulletin is dated 4/26/2011. Our audit was conducted four years after implementation of the 4/26/11 Utility Bulletin.</p> <p>Recommended Corrective Action: PG&E should ensure that the proper hardware, software, and training is available to corrosion mechanics in a timely manner before PG&E can correctly state that the records have been stabilized in SAP per TD-O-16B-001. PG&E’s conclusion that auditable records are records produced from the SAP database is not valid for the North Valley Division CPUC audit for 2013 and 2014 calendar years.</p> <p>PG&E should determine what the correct data set is before the internal audit is conducted based on a database that has been QA/QC’ed. This includes the total number of isolated risers that the 10%ers should be based on for a given year. CPUC auditors requested a list of all isolated risers with the last two dates the risers were surveyed to determine if all have been surveyed within a 10 year period per 192.465(a).</p> <p>PG&E corrosion engineering and regulatory staff should always provide complete records for review during a CPUC audit. They should also have complete knowledge of the field records that exist in order to provide the auditors with a comprehensive set of records. PG&E should also allow direct communication with corrosion mechanics during the audits in order to ensure proper records are reviewed.</p>	<p>North Valley corrosion assets were reviewed and stabilized twice, once in 2010 and second time in 2013/2014. During the second stabilization, a QC review was completed by the specialists to ensure that data was accurate in SAP (this did not include reviewing paper records). After stabilization was complete, CP Supervision and Asset Strategists provided updates to SAP to ensure the records were accurate.</p> <p>To prevent reoccurrence, processes are now in place to conduct a QC review of the data on a going forward basis. A specialist position has been approved and once this position is filled, regular internal QC audits will take place to monitor and correct data integrity issues within SAP.</p> <p>In addition, PG&E is now performing a monthly check by a Asset Strategist to ensure we are meeting the 10% minimum requirement. If the division falls below 10% or is projected to fall below 10% by the end of the year, the Asset Strategist will work with the Corrosion Supervisor to determine how many services to pull forward from the next year into the current year. PG&E is also developing a new report to automate this calculation. PG&E estimates that this will be completed and implemented by the end of 2015. This report will determine how many services must be pulled forward to meet the requirement. This will eliminate the manual QC being performed by the Asset Strategist, but will still be provided by the Asset Strategy group.</p>																																																																							

2015 North Valley Division Audit Findings and Responses

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AOC	4-2	<p>Issue Identified: Per Utility Bulletin TD-O-16-001, "At the end of each year, the CPA maintenance report must be ran, printed and filed with the Master CPA hard copy file. The maintenance reports are ran in SAP.....and this must be completed prior to February 1st of the following year."</p> <p>Recommended Corrective Action: PG&E should provide the CPA maintenance report to CPUC auditors along with the internal review. In addition, if violations are identified from running this end of the year reports per ALJ-274, utilities are to provide notice of any self-identified and self-corrected violations to Commission staff and to local authorities within ten calendar days of self-identification of the violation.</p>	<p>TD-O-16B-001, "Updated SAP Processes for Corrosion Control Documentation" was rescinded on 4/9/14 and has been superseded by TD-4181S, "External Corrosion Control of Gas Facilities". See attachment 10. The referenced requirement is now contained in TD-4181P-201, "Cathodic Protection Monitoring and Restoration". See attachment 11.</p> <p>Currently PG&E's "Internal Review Findings", provided for Divisions by the Quality Management Group, do not contain all of the information listed on attachment 12 - "CPUC-prepared audit checklist - Corrosion Control". PG&E is in the process of reviewing the CPUC checklist and is considering adding additional items related to Corrosion to the "Internal Review Findings". As presented in the ALJ-274 workshop held April 24, 2012 and confirmed by a follow up July 20, 2012 email by SED, PG&E uses internal review summaries as one means to make the SED staff aware of self-identified non-compliances.</p>	<p>Att 10_TD-4181S_CONF.pdf Att 11_TD-4181P-201_CONF.pdf Att 12_CPUC-prepared audit checklist - Corrosion Control.pdf</p>
AOC	4-3	<p>Issue Identified: SAP records for the total number of isolated risers were not accurate due to duplicate addresses that were discovered in the SAP system. This resulted in the total number of isolated risers being incorrect for calendar years 2013 & 2014, thus the total number of 10%ers was incorrect. PG&E's current procedure states at the end of the year the maintenance report must be ran. It was unclear whether the operator is working towards reducing the total number of isolated sections.</p> <p>Recommended Corrective Action: PG&E should QA/QC the hard copy data before the hard copy records are entered into the SAP system. In addition, the isolated 10%ers should be reviewed periodically during the year to ensure that the 10% calendar year goal is achieved per 192.465(a).</p> <p>PG&E should work towards reducing the number of isolated sections of steel pipe to ultimately lower their maintenance costs.</p>	<p>To prevent reoccurrence, the 10%er assets have been reviewed for possible duplication from the entire asset registry, regardless of maintenance plan month. Corrosion mechanics will perform a site visit for the possible duplicate family and confirm or deny the existence of a duplicate asset as they perform their isolated steel maintenance duties. If a duplicate is identified, then the preventative maintenance for the asset(s) will be removed from the registry.</p> <p>Processes are now in place to conduct a QC review of the data on a going forward basis. A specialist position has been approved and once this position is filled, regular internal QC audits will take place to monitor and correct data integrity issues within SAP.</p> <p>In addition, PG&E is now performing a monthly check by a Asset Strategist to ensure we are meeting the 10% minimum requirement. If the division falls below 10% or is projected to fall below 10% by the end of the year, the Asset Strategist will work with the Corrosion Supervisor to determine how many services to pull forward from the next year into the current year. PG&E is also developing a new report to automate this calculation. It is estimated that this will be completed and implement by the end of 2015. This report will determine how many services must be pulled forward to meet the requirement. This will eliminate the manual QC being performed by the Asset Strategist, but will still be provided by the Asset Strategy group.</p> <p>PG&E has implemented an Engineering project review process to help eliminate the creation of additional isolated steel sections. Consideration will be given to replacing existing isolated steel sections when it is economically justified to do so.</p>	