

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 2, 2010

Mr. Glen Carter, Senior Director
Gas Engineering
Pacific Gas and Electric Company
375 North Wiget Lane
Walnut Creek, CA 94598

SUBJECT: General Order 112-E Audit of PG&E's San Jose Division

Dear Mr. Carter:

On behalf of the Utilities Safety and Reliability Branch of the California Public Utilities Commission (CPUC), Aimee Cauguiran, and I conducted a General Order (GO) 112-E Inspection of PG&E's San Jose Division from July 26, 2010 through July 30, 2010. The audit included a review of San Jose Division records for the period 2008 and 2009.

During the audit, we identified one or more violations of GO 112-E. These violations are itemized within the Audit Summary enclosed with this letter. Please note that the violations included within the Audit Summary may differ from the potential violations discussed with PG&E's representatives during the exit meeting of our audit. Any differences are generally attributed to research, conducted subsequent to the audit, which can result in some potential violations being excluded and other violations, not discussed during the exit meeting, being included in the Audit Summary.

Within 30 days of your receipt of this letter, please provide a written response indicating the measures taken by PG&E to address the violations noted in the Audit Summary.

If you have any questions, please contact me at (415) 703-2214.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Lee".

Dennis Lee, P.E.
Senior Utilities Engineer
Utilities Safety and Reliability Branch
Consumer Protection and Safety Division

Enclosure: Audit Summary

Copy: Larry Deniston – Pacific Gas and Electric Company
Larry Berg – Pacific Gas and Electric Company

AUDIT SUMMARY

AREAS OF VIOLATIONS

1. Title 49 Code of Federal Regulations (CFR) §192.13 (c) states in part:

"Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part."

- i. PG&E Utility Operation (UO) Standard S5467, now Utility Work Procedure WP4133-02, requires reviewing CPAs at least once every 6 nominal years.

CPA 3352-09 was last resurveyed in 5/11/02 and then in 3/20/09 which exceeded the 6 years between resurveys as required by UO Standard S5467, now Utility Work Procedure WP4133-02.

- ii. PG&E's UO Standard S4110 requires semi-annual gas leak surveys to be conducted for Transmission lines in Class 3 locations. Semi-annual frequency is defined as twice each calendar year not to exceed 7-1/2 months in UO Standard S4110.

In 2009, T-Line 101 and T-Line 109 exceeded the 7-1/2 months between leak surveys. In 2008, 1606-A10, 1607-A11, 1609-A13, 1610-A14, 1611-A15, 1612-A16, 1613-A17, and 1614-A19 exceeded the 7-1/2 months between leak surveys.

2. Title 49 CFR §192.747 (a) states in part:

"Each valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year."

A PG&E designated emergency valve V.3413-I4S was found paved over on 8/23/08 and was then uncovered and inspected on 12/30/08. The previous inspection was performed on 8/23/07. Therefore, V.3413-I4S was checked and serviced greater than the 15 months between inspection as required by Title 49 CFR §192.747 (a).

3. Title 49 CFR §192.723 (b)(1) states in part:

"A leakage survey with leak detector equipment must be conducted in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an opportunity for finding gas leaks, at intervals not exceeding 15 months, but at least once each calendar year."

During the review of the annual leak survey records, one service (ID #1257) on the following map 3413-C4 was not leak surveyed in 2009 as required by Title 49 CFR §192.723 (b)(1).

PG&E INTERNAL AUDIT FINDINGS

Prior to start of the audit, PG&E provided the results of their internal audit of the division's records dated July 11, 2010. Many of PG&E's internal audit findings are violations of PG&E's own standards, and therefore a violation of Title 49 CFR §192.13 (c). In addition, many of the internal audit findings are violations of Title 49 CFR 192 as show in Table 1. We also note that some of the findings have been corrected.

Please provide updates on items that were still pending corrective actions as of the last day of the audit.

Table 1. PG&E Internal Audit Violations

	Title 49 CFR	Topics	Number of Violations	PG&E Have Remediated The Violation	PG&E Have Not Remediated The Violation
1	192.723	Leak Survey Distribution (10 & 11)	319	n/a	10 & 11
2	192.603(b)	Leak Survey Distribution (9 & 12)	6	n/a	9 & 12
3	192.13(c)	Leak Survey Distribution (1, 2, 3, 4, 5, 6, 7, & 8)	364	n/a	1, 2, 3, 4, 5, 6, 7, & 8
4	192.706	Leak Survey Transmission (1)	7	n/a	1
5	192.13(c)	Leak Survey Transmission (2)	26	n/a	2
6	192.703(c)	Leak Repairs (1)	3	1	n/a
7	192.13(c)	Leak Repairs (2, 3, 4, 6, 7, 8, 9, 10, 11, 12, & 13)	724	2, 3, 4, 7, 8, 9, 10, 11, & 13	6 & 12
8	192.503	Leak Repairs (5)	5	5	n/a
9	192.465	Corrosion Control (4, 6, & 7)	14	6 & 7	4
10	192.13(c)	Corrosion Control (1, 2, 3, 5, 8, & 9)	134	8	1, 2, 3, 5, & 9
11	192.481	Atmospheric Corrosion (1)	3	1	n/a
12	192.13(c)	MAOP Records (1, 2, & 3)	5	1, 2, & 3	n/a
13	192.621 & 192.619	Regulator Stations (2)	2	n/a	2
14	192.13(c)	Regulator Stations (1, 3, 4, 5, 6, 8, 9, & 10)	99	1	2, 3, 4, 5, 6, 8, 9, & 10
15	192.201	Regulator Stations (7)	2	n/a	7
16	192.201	Relief Valve Calculations (2)	6	n/a	2
17	192.13(c)	Relief Valve Calculations (1 & 4)	2	n/a	1 & 4
18	192.743	Relief Valve Calculations (3)	2	n/a	3
19	192.747	Emergency Valves (1)	1	n/a	1
20	192.13(c)	Emergency Valves (2, 3, & 4)	19	n/a	2, 3, & 4
21	192.13(c)	Instrument Calibrations (CGI: 1, 2, 3, & 4) (HFI: 1, 2, & 3) (M&L: 1, 2, & 3) (T&R: 1 & 2)	214	n/a	(CGI: 1, 2, 3, & 4) (HFI: 1, 2, & 3) (M&L: 1, 2, & 3) (T&R: 1 & 2)
22	192.705	Pipeline Patrols (1)	1	n/a	1
23	192.13(c)	Emergency Plan (1)	1	n/a	1
24	192.13(c)	Distribution Emergency Shutdown Zones (1, 2, & 3)	22	n/a	1, 2, & 3
25	192.13(c)	Joiner Qualifications (1, 2, & 3)	21	1, 2, & 3	n/a
26	192.13(c)	Deactivation Records (1)	1	n/a	1
27	192.467	Pipe Casings (1)	1	n/a	1