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February 2, 2014

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 Gas Inspection of PG&E's Hollister District

Dear Mr. Bruno:

The Safety and Enforcement Division (SED) of the CPUC conducted a General Order 112-E inspection of PG&E's Hollister District from August 25 through 29, 2014. On January 2, 2015, the SED submitted their audit report of findings. Attached is PG&E's response to the CPUC audit report.

Please contact Larry Berg at (925) 328-5758 or LMB5@pge.com for any questions you may have regarding this response.

Sincerely,

/S/
Bill Gibson

Attachments

cc: Aimee Cauguiran, CPUC
Alula Gebremedhin, CPUC
Dennis Lee, CPUC
Larry Berg, PG&E
Larry Deniston, PG&E
Sumeet Singh, PG&E

2014 Hollister District Audit Attachment
PGandE Responses

<table>
<tr><th>CPUC Letter Finding #</th><th>Findings</th><th>PG&E Response</th><th>Associated Attachment (File Name)</th><th>Future Corrective Action Date</th></tr>
<tr><td></td><td>PG&E Internal Review Findings - Pending</td><td></td><td></td><td></td></tr>
<tr><td></td><td>Prior to the start of the inspection, PG&E provided SED its findings from the internal review it conducted of Hollister District. 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 1 lists all of the violations from PG&E's internal review.
Please provide SED an update on the items that were still pending corrective actions as of August 29, 2014.

Table 1: PG&E's Internal Review
<table><tr><th>Code Section</th><th># of Non-Compliance</th><th>Finding Description</th><th>Corrective Action</th><th>Remediation Date</th></tr><tr><td>192.605(a)</td><td>All</td><td>Vegetation around exposed pipeline sent to Pipeline Patrol Compliance Program with no follow-up action to the district.</td><td>A schedule to remediate is developed by Pipeline Patrol Compliance Program</td><td>Pending</td></tr><tr><td>192.605(a)</td><td>2</td><td>Inoperable valves</td><td>Plan to replace or remove</td><td>12/31/14 pending</td></tr><tr><td>192.605(a)</td><td>83</td><td>Missing data on valve cards</td><td>CAP created</td><td>Pending</td></tr><tr><td>192.605(a)</td><td>8</td><td>Corrosion found on Meter Set Assembly with no</td><td>Work Orders created to correct</td><td>12/31/14 pending</td></tr><tr><td>192.605(a)</td><td>15</td><td>No annual rectifier</td><td>Work request created</td><td>Pending</td></tr></table></td><td>Pipeline Patrol:
Vegetation management issues are planned for remediation in 2015. The schedule of some locations may be delayed due to permit issue.

Inoperable Valves:
T-461.60A: This valve was replaced on 12/22/2014. (see attached)
T-472.25A, V-42-I2A: This valve was operated by the San Jose Division I&R personnel on 1/16/14 and on 1/14/2015. (see attached)

Missing data on valve cards:
Hollister District's blank valve data fields on the valve cards have been filled in per TD-4430P-04. PG&E's new GT GIS system includes pertinent data such as pressure rating, serial numbers, manufacturer/model, etc. on valves in the transmission system. This data will be available in SAP in 2016. Valve maintenance records will no longer be the "source document" for this information.

Corrosion Control Issues:
a) Corroded Riser at T-474.40B was removed from service in conjunction with a service replacement project on 12/23/14 under PM# 30956646
b) The description in PG&E's Internal Review Summary should be that 15 Cathodic Protection Stations did not have a Cathodic Protection Station Report completed. These Cathodic Protection Station Reports specify the rectifier and anode information for each Cathodic Protection Station. Central Coast Corrosion Department is in the process of locating the previous jobs that specify what type of anodes and rectifiers were installed, and other items, such as measurements of installed substructures for the CP stations. PG&E expects any required field verifications and the completion of these Cathodic Protection Station Reports by December 31, 2015.</td><td>Inoperable Valves
V-199 GUIDA SURVEYING AS-BUILTS PRELIM 01-14-15_CONF.pdf
Valve Maint Record V-42-I2A or T472-25A Inlet Valve to DR H57_CONF.pdf

Corrosion Control Issues:
T-474 40B_15800-15820 Foothill GSR_Service Replacement.pdf</td><td>Pipeline Patrol:
12/31/15 -Vegetation remediation

Missing data on valve cards:
12/31/2016 -Utilize SAP for valve data

Corrosion Control Issues:
b) 12/31/15</td></tr>
<tr><td></td><td>CPUC - SED Findings</td><td></td><td></td><td></td></tr>
<tr><td>NOPV-1.1</td><td>1. Title 49 CFR §192.605(a) states in part:
"Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response."

1.1.PG&E's Procedure TD-4110P-01, Table 1, Leak Survey Frequency, shows Transmission Stations in Class III and IV will be leak surveyed Semi-Annually, twice each year not to exceed 7 ½ months.

The district performed leak surveys at Hollister Meter Station on 11/22/2011 and on 09/06/2012. The leak survey interval exceeded 7 ½ months.</td><td>Leak survey of the piping within Hollister Meter Station, which includes Lines 300 A&B and 301 A&G, was performed in April of 2012 at the same time as the pipeline leak survey, therefore did NOT miss its 7-1/2-month maximum interval. Please see the attached documentation of the April 2012 leak survey of those pipelines. The pipeline sequences that include the Hollister Meter Station are Sequences 65, 66, and 67. PG&E apologizes for not having this documentation available at the time of the audit.</td><td>Spring 2012-Leak Survey L300AB L310AG_CONF.pdf</td><td></td></tr>
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NOPV-1.2	PG&E's Procedure TD-4110P-21, Calibration Verification for Leak Survey Instruments states: "2.2. Regularly verify the calibration of portable HFI units, OMDS, RMLDS, and IR detectors according to the frequencies specified in Table 1 below" **Table 1. Required Frequencies of Calibration Verification** Unit — Calibration Verification Frequency — Operational Test Frequency HFI — Weekly — NA The District failed to calibrate the following Hydrogen Flame Ionization Units (HFIs) during the indicated weeks, as listed in Table 2. **Table 2: HFIs with Missed Calibration** Serial Number — Week(s) 1500549014 — The last two weeks of 12/2011 and the 2nd week of 03/2012 1500549013 — The last two weeks of 12/2011	Hollister District conducted a refresher briefing on August 22, 2014 regarding leak survey instrument calibration, and timely maintenance document completion. (see attached) Transmission districts will be migrating to SAP for maintenance planning in 2016. SAP will track the status of each instrument on a weekly basis and the SAP notification cannot be closed out until it has been reviewed. The status of leak survey instruments would be to show the calibration within the timeframe required, or show as out of service. Going forward, these required steps in SAP will ensure leak survey instrument calibration and/or confirmation of the unit being out of service is documented.	*Calibration documentation tailboard 8-22-14_CONF.pdf*	
	Areas of Concern/ Observations/ Recommendations			
AOC-1.0	Title 49 CFR §192.465(d) states in part: "Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring." SED reviewed cathodic protection records for L-300A between MP 456.8 and 466.3 and found pipe-to-soil reads less negative than -850mV in the following instances listed below in Table 3. **Table 3. Pipe-to-Soil Readings** **ETS — MP — 2012 P/S reads (mV) and date — 2013 P/S reads (mV) and date — 2014 P/S reads (mV) and date** MH3AA9150 — 460.1 — -832 (3/27/2012) — -840 (3/20/2013 — -796 (3/5/2014) MH3AA9160 — 461.07 — -807 (3/27/2012) — -813 (3/20/2013) — -730 (3/5/2014) MH3AA9165 — 462.1 — -759 (3/27/2012) — -762 (3/20/2013) — -709 (3/5/2014) MH3AA9170 — 462.24 — -817 (3/27/2012) — -813 (3/20/2013) — -739 (3/5/2014) MH3AA9180 — 463 — -783 (3/27/2012) — -791 (3/20/2013) — -699 (3/5/2014) MH3AA9200 — 465.36 — -741 (3/28/2012) — -745 (3/21/2013) — -612 (3/5/2014) MH3AA9210 — 466.3 — -775 (3/28/2012) — -773 (3/21/2013) — -611 (3/5/2014), -880 (7/2/2014) MH3AA9230 — 468.8 — -840 (3/28/2012) — -846 (3/21/2013) — -790 (3/10/2014) PHMSA interpretation #PI-89-006 dated May 19, 1989 states that cathodic protection deficiencies are expected to be addressed and corrected by the next monitoring cycle (once each calendar year, but with intervals not exceeding 15 months) under normal conditions. SED found that the District created Work Requests to correct the CP deficiencies in March of 2012. On August 12, 2013, PG&E created CPA Follow-Up Action Plans. In August 2014, PG&E reviewed the Action Plans and created a comprehensive correction plan. As part of the August 2014 correction plan, PG&E conducted a close-interval-survey (CIS) from 09/23/2014 to 10/08/2014 (an SED representative observed work performed on 09/23). PG&E has not yet reported the results of the CIS. PG&E has not corrected the deficiencies found in March 2012 within the next monitoring cycle (once each calendar year, with intervals not to exceed 15 months). Please provide details of PG&E's effort to correct the deficiencies since discovery, and an explanation for its delay. In addition, please provide future planned corrective actions along with expected completion dates.	To evaluate the cause and extent of the low potentials on L-300A , a close-interval-survey (CIS) was performed measuring ON, OFF and native pipe-to-soil potentials from mile point 456.80 to 466.30. The survey was performed by HM Pipeline Services between the dates of 9/14/2014 and 10/08/2015. The CIS indicated that approximately 4200' of the survey was not meeting the 100 mV polarization voltage shift criteria for cathodic protection and nearly the entire survey section did not meet the -850 mV criteria for cathodic protection. In order to restore cathodic protection levels to the pipeline and ensure no active corrosion is occurring on the pipeline, the corrosion engineering department has developed the plan below. 1. The cathodic protection criteria for this pipeline will be changed to the 100 mV polarization voltage shift. To allow for testing of the 100 mV criteria, coupon test stations will be installed on L-300A in the survey area. Corrosion engineering is in the process of identifying locations for the coupon stations. 2. Add additional cathodic protection current to the pipeline by adding a new anode and rectifier at MP 462.38 on L-300A and replacing the depleted anode bed at MP 468.19. The anode bed was installed at MP 462.38 on 11/17/2014 and the rectifier is scheduled for installation by the end of February 2015. The anode and rectifier at MP 468.19 are scheduled for installation by the end of February 2015. Once the additional cathodic protection current has been added to the pipeline, the potentials will be evaluated to determine if the new cathodic systems are providing adequate current to the pipeline. It may be necessary to add additional cathodic protection systems if the potentials remain low.		1. 12/31/15 to utilize the polarization voltage shift criteria 2. 3/31/15 additional cathodic protection
AOC-2.0	SED found that valve maintenance cards for T-435.34A, T-429.42A, T-426.55A, and T-415.93A showed a valve pressure rating of 720 psi while the MAOP of the system, where these valves are located, is 840 psi. The District found that this was due to a document error on the valve cards and provided source documentation that showed acceptable valve pressure rating for valves T-435.34, T-426.55, T-415.93. Please provide documentation to demonstrate an acceptable valve rating for Valve T-429.42A.	As noted, this was a documentation error on the valve maintenance records. The pressure rating of each of these valves is commensurate with the pipeline's MAOP. Please see attached source documents for the actual pressure rating of valve T-429.42A	*L-300A MP 429.42 Valve Rating.pdf*	

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AOC-3.0	During SED's field visit, the District recorded the following low pipe-to-soil readings, as listed below in Table 4. **Table 4: Low pipe-to-soil (PTS) reads** **Location** — **Pipe-to-soil reads during field visit** L-300B MP 468.3 — -832mV L-103 MP 17.98 — -835mV Please provide an update on the above out of compliance pipe-to-soil reads.	1) Please see attached "*PLM P-S Reads L-300B MP 468 3_CONF.pdf*" showing the pipe-to-soil read at L-300B MP 468.3 to be -950 mV on October 24, 2014. 2) Please see attached *"L-103 P-S Reads 2014_CONF.pdf" showing the pipe-to-soil read at MP 17.98 to -1134 mV on October 8, 2014. This location is shown as Old Stage Rd (HPR) on the attached maintenance report.*	*PLM P-S Reads L-300B MP 468 3_CONF.pdf* *L-103 P-S Reads 2014_CONF.pdf*	
AOC-4.0	SED found that L-301A MP16.85 patrol record dated August 13, 2013 reported a shallow cover on a 20-inch pipeline that runs in the backyard of a house located at 572 Echo Valley Road in Salinas, which was reported to the District by the house owner. During a field visit, SED measured the depth of cover to be approximately 5 inches at one location. Please advise PG&E's plan to address this safety concern.	PG&E is in the process of performing an engineering site investigation to determine the most appropriate mitigation plan for the shallow section of L-301A at MP 16.85, along with other locations throughout the PG&E system. This report, which will include a prioritization and schedule for mitigation efforts, will be complete by the end of March 2015.		31-Mar-15
AOC-5.0	The valve maintenance record for MLV-22.51 on L-301A showed that the valve could not be greased since 2011 due to a corroded fitting. PG&E created a work order (WR 179276) on June 27, 2013. The same issue was recorded on a June 25, 2014 maintenance record. Please provide an update on PG&E's progress in addressing this concern.	This valve is operable and available for use during an emergency. PG&E is planning a project to address the grease extension issue on MLV-22.51 at Dolan Rd Station per PM# 30990861. Tentative schedule to perform the work to repair the grease extension is April 2015.		30-Apr-15
AOC-6.0	During the field visit, SED observed the pipeline markers at L300B MP435.57 and Wright Road Station with outdated emergency contact information. PG&E replaced the stickers during the field visit. SED recommends verifying the accuracy of pipeline marker information at other locations throughout the district.	As noted, on August 27, 2014 an updated pipeline marker sticker was placed on the pipeline marker at L300B MP 435.57 - Wright Road Station. PG&E will verify the accuracy of pipeline marker information at other locations throughout Hollister District by the end of 2015.		31-Dec-15