



**Public Utilities Commission**  
STATE OF CALIFORNIA

Citation Date: January 23, 2015

Citation #: ALJ 274 15-01-001

Operator ID#: 15007

**SED Investigation Report - 8/25/14**

**November 7, 2013 PG&E OQ Audit Finding - Notice of Violation**

**The Utility did not identify several covered tasks as required by 49 CFR 192.805(a) or include contractors in its communication of changes in its OQ program as required by 49 CFR 192.805(f)**

**Utility:** Pacific Gas & Electric Company (PG&E)

**Utility Operating Unit:** Pacific Gas and Electric Company's (PG&E) Gas Business Unit

**Subject of Report:** Audit Finding – The utility did not identify several covered tasks. The utility excluded contractors from communication of changes in its OQ program.

**Audit Title:** General Order 112-E Audit of PG&E's Operator Qualification Program

**Date of Audit:** October 22-26, 2012

**SED Investigator:** Adriana Crasnean

**Summary:**

**1. 49 CFR §192.805 (Probable Violation #2 in SED's audit letter)**

*“Each operator shall have and follow a written qualification program. The program shall include provisions to:*

*(a) Identify covered tasks.*

The California Public Utilities Commission's (CPUC) Safety and Enforcement Division (SED) audit letter stated, *“PG&E did not identify some applicable covered tasks in its OQ Plan. These tasks include welding, non-destructive testing, excavation, compressor station maintenance, meter installation and maintenance, regulator installation and maintenance, backfilling, service line installation and repair.”*

By not including the above covered tasks in its OQ Plan, PG&E is in violation of Title 49 CFR § 192.805(a).

**2. 49 CFR §192.805 (Probable Violation #4 in SED's audit letter)**

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*“Each operator shall have and follow a written qualification program. The program shall include provisions to:*

*(f) Communicate changes that affect covered tasks to individuals performing those covered tasks”*

SED’s audit finding stated, *“PG&E’s OQ Plan, Section 1.7.1, “Communicate Changes” does not include a provision to identify how changes to the procedures, tools standards and other elements used by individuals in performing covered tasks are communicated to its contractors and how these changes are implemented in the evaluation process.”*

By not including its contractors in the Communicate Changes process, PG&E is in violation of Title 49 CFR § 192.805(f).

### **Findings:**

The staff of the Safety and Enforcement Division (SED), Gas Safety and Reliability Branch (GSRB) conducted a General Order 112-E audit of Pacific Gas and Electric Company’s (PG&E) Operator Qualification (OQ) Program from October 22-26, 2012. Representatives from the Pipeline and Hazardous Materials Safety Administration (PHMSA) also attended. The audit consisted of a review of PG&E’s Operator Qualification Program and a sample of qualification tests for their adequacy. No field inspections were performed as a part of this audit.

On November 7, 2013, SED staff notified PG&E of its audit findings, consisting of twelve violations of the code of federal regulations and two areas of concern. Of the twelve violations, SED determined that PG&E’s corrective action plans were acceptable for ten, and the violations did not create any hazardous conditions for the public and utility employees. SED may review the implementation of the corrective actions addressing those ten violations during future inspections. However, violation #2 of the audit letter, where PG&E failed to identify some covered tasks, is a violation of 49 CFR §192.805(a). Violation #4 in the audit letter, where PG&E failed to include contractors from its communication of changes, is a violation of 49 CFR §192.805(f). These two violations are considered to have serious public safety implications.

On January 10<sup>th</sup>, 2014 PG&E responded to violation #2 of the SED audit report by stating, *“PG&E agrees with this finding for the activities that meet the four-part criteria in §192.801(b). PG&E has identified covered tasks by comparing all work activities associated with the installation, construction, operations, and maintenance of natural gas facilities with the four-part criteria in §192.801(b). Tasks listed above that are being performed as part of a new installation do not meet this four-part criteria, and have not*

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*been included in PG&E's Operator Qualification Plan. With the CPUC's ongoing proceeding to revise General Order 112-E to include "new construction" activities as operator-qualified covered tasks, PG&E filed comments on September 27, 2013 on the impact of including new construction activities under the Operator Qualification Rule. Weld repairs, transmission station maintenance, including components at compressor stations, regulator maintenance, service line repairs, and excavating and backfilling around critical gas facilities have been part of PG&E's Operator Qualification Plan since inception. PG&E will be reviewing the remaining activities noted above and incorporate those activities into its Operator Qualification program by December 31, 2015."*

In the same response letter, PG&E responded to violation #4 of the SED report by stating, "PG&E agrees with this finding. TD-4008S will specify what communication, depending on the significance of the change, is required, and what will be required of PG&E's 3rd-party compliance vendor and contractors who perform operator qualified work". PG&E issued procedure TD-4008S, titled, "Operator Qualification Program Requirements" Rev 0 on 07/31/2013.

#### **Recommendations:**

It is imperative that PG&E operate its gas systems in compliance with GO 112-E and in a manner that promotes and safeguards the health and safety of the public. However, by not identifying all company applicable covered tasks, PG&E continues to allow non-operator qualified personnel to perform covered tasks, potentially creating a hazardous condition for the public or utility employees.

In addition, by not communicating to its contractors changes to the procedures, tools, standards, and other elements used to perform a covered task, PG&E may have failed to inform its contractors of significant changes, which also could have created hazardous conditions for the public or utility employees.