



U.S. Department  
of Transportation

**Pipeline and Hazardous  
Materials Safety  
Administration**

1200 New Jersey Avenue, SE  
Washington, D.C. 20590

January 30, 2014

Mr. Michael R. Peevey  
President  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102-3298

Dear President Peevey:

Sections 60105(e) and 60106(d) of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (Act) provides for the monitoring of State pipeline safety programs by the Pipeline and Hazardous Materials Safety Administration (PHMSA). This annual monitoring ensures State pipeline safety programs are compliant with the Act's requirements and, with the annual Progress Report score, determines a State's total point award for next year's PHMSA pipeline safety grant.

On July 9-12, July 15-18, and October 21-24, 2013, a representative of the Office of Pipeline Safety's (OPS) State Programs division evaluated the CY 2012 Pipeline Safety program activities conducted by the California Public Utilities Commission (CPUC). The evaluation included the validation of annual Progress Report documents submitted to OPS, a review of the pipeline program procedures and records, and the observation of on-site inspections of pipeline operators conducted by your staff. We would like to thank you and your staff for the courtesies extended to Mr. Rex Evans of OPS State Programs.

Additionally, on October 29-31, 2013, representatives from OPS's Western Region, PHMSA's Legal Division, and OPS's Director of State Programs, Zach Barrett, conducted an extended review of CPUC's enforcement actions and the ALJ-273 Citation Resolution for streamlined enforcement. We also conducted a cursory review of CPUC's actions to date addressing recommendations from the National Transportation Safety Board (NTSB) issued after the tragic San Bruno pipeline incident. Based on our review, it appears CPUC is working to address the NTSB recommendations. Our findings, with regard to the review of your compliance activities, are incorporated below.

As a result of the evaluation and our extended review, I would like to bring the following items to your attention:

- 1) Again this year, CPUC lost five grant allocation points and associated funding for not having safety authority over all intrastate pipeline facilities, including all privately owned intrastate transmission pipelines and municipal gas systems. The OPS

continues to encourage your long-term efforts to bring all intrastate operators under CPUC's safety authority. The OPS recognizes you are increasing staff for the Gas Safety and Reliability Branch and are currently focusing your inspection efforts on the pipeline operators under your existing safety authority. The OPS looks forward to working with CPUC to extend your safety authority to cover all intrastate pipeline facilities when the gas safety program has matured to the appropriate level.

- 2) The OPS noted it was difficult to determine and analyze what field inspection activities had taken place from the inspection records kept in the Los Angeles office, which were primarily for Southern California pipeline operators. There were many illegible hand-written notes that did not clearly document the inspections. These deficiencies resulted in a deduction of one grant allocation point and associated funding. Please take action to improve inspection documentation.
- 3) Members of OPS and CPUC's Program Manager for pipeline safety have discussed adequately breaking down various pipeline operator inspection units to facilitate a more in-depth inspection. Currently, pipeline operator inspection units, specifically those for Southern California Gas and San Diego Gas and Electric, are very large and need to be segmented to ensure record and field inspection activities are comprehensive in all geographic areas. This deficiency resulted in a deduction of one grant allocation point and associated grant funding. Please take action to review and amend the size of pipeline operator inspection units to be conducive for comprehensive pipeline safety inspections.
- 4) During the review of inspection documents of Southern California Gas, the OPS noted information included on various inspection units was incorrect, and information intended for one inspection unit was mistakenly transferred to the inspection form of another inspection unit. Also, as noted in Item 2, there were handwritten notes attached that made it difficult to identify the location and activities conducted during the field portion of the various inspections. Two grant allocation points and associated funding were deducted for this item for failure to have accurate inspection information on the inspection forms. Please take action to assure appropriate inspection forms are utilized and are completed with accurate information reflecting the inspection results.
- 5) States are required to input information regarding various Operator Qualification (OQ) inspections into an OPS database to track progress in this area of inspection. The OPS found OQ inspection information was inconsistently uploaded, and improvement is needed in this area. This deficiency resulted in a deduction of one grant allocation point and associated grant funding. Please take action to consistently upload inspection results into the OPS OQ database.
- 6) The OPS's review of compliance activities, including the OPS-supported Pacific Gas and Electric inspections, revealed CPUC has a backlog of compliance issues needing to be closed. CPUC is identifying credible probable violation(s), providing written notification to pipeline operators of the identified probable violation(s), and are receiving timely responses from the pipeline operators with comments and actions taken to resolve the identified probable violation(s). Each of the pipeline operator

responses to the probable violation(s) need to be reviewed, and CPUC needs to resolve these issues by taking steps including: issuing civil penalties where warranted; requiring additional action to resolve the violation(s); requesting additional information; or closing the issue based on the operator's actions.

The OPS recognizes CPUC is using its new authority under ALJ-274 Citation Resolution's streamlined enforcement process; however, we recommend the documentation could be less rigorous in support of operator self-identified violations to move cases more expeditiously. It also appears the implementation issues delaying the full utilization of the new process are being addressed, which should help prevent a backlog of cases in the future. Additionally, CPUC needs to implement a process for tracking each probable violation(s) from identification to closure. The OPS deducted two grant allocation points and associated funding for the backlog of compliance actions needing resolution and for not tracking probable violation(s) from identification to closure. This issue was discussed with the CPUC Program Manager for pipeline safety, the CPUC Deputy Director for pipeline safety, and the CPUC Director for pipeline safety. Please take action to address the backlog of compliance issues as quickly as possible, and provide Zach Barrett, OPS Director of State Programs, with quarterly reports of your progress.

- 7) The OPS reviewed several CY2012 CPUC pipeline incident reports for Southern California. Our review identified a need for improvement in the overall process regarding the documentation of events leading up to the incident along with following up with the pipeline operator to ensure actions are taken to prevent recurrence. Specific information on the reviewed incidents was relayed to CPUC's Program Manager for pipeline safety for further follow-up. This issue resulted in the loss of two grant allocation points and associated funding.
- 8) The first field portion of the program evaluation took place with San Diego Gas and Electric during the week of July 15, 2013. The OPS, in observing the lead inspector, noted very little information was gathered from the operator in order to confirm compliance with the various basic maintenance requirements. The lead inspector was prepared to accept the most current inspection dates as verification of compliance without any confirmation of previous inspection dates or data. It was evident the lead inspector was not set to ask for the necessary information to confirm operator compliance until challenged to do so. Drastic improvement is needed in this area, and the OPS recommends the lead inspector involved be removed from mentoring any new employees and be coached regarding the need to conduct in-depth inspections commensurate with their skills and capabilities. Additionally, CPUC should re-inspect, with inspection teams or other CPUC senior inspectors, pipeline operators who have traditionally been inspected only by this lead inspector. This issue was discussed with the CPUC Program Manager for pipeline safety, the CPUC Deputy Director for pipeline safety, and the CPUC Director for pipeline safety. This deficiency resulted in a total deduction of six grant allocation points and associated funding.

The OPS will conduct a mentoring session at CPUC's All Inspectors meeting scheduled for the end of January 2014 to further address inspection expectations.

Please emphasize to your pipeline safety staff the need for conducting in-depth inspections that include appropriate record and field reviews of pipeline operators under CPUC's safety authority.

- 9) The second field portion of the Program Evaluation took place with Pacific Gas and Electric's Yosemite Division in Modesto, CA, during the week of October 21, 2013. CPUC's inspector did conduct a more rigorous inspection of the records and facilities for the time period observed; however, CPUC's pipeline staff generally needs to schedule adequate time for conducting thorough record and field inspections. Inspections appear to be conducted as a time-defined event, such as 1 week in most cases, rather than taking the actual amount of time necessary to review operator inspection records and conduct field verification activities. CPUC should analyze the actual time needed to conduct thorough inspections and adjust inspection unit size as noted in Item 3 to facilitate the inspections.
- 10) We appreciate the efforts of CPUC in hiring and training additional staff to enhance the inspection and compliance efforts necessary to make the program successful. Having additional trained and qualified personnel, who are motivated toward assuring the public's safety, will help program consistency, the quality of inspections, and ensure long-term program success. The OPS encourages CPUC to continue hiring additional inspection staff and providing for their supervision in support of the pipeline safety mission. Additional supervision should help address the compliance backlog and inspection quality issues noted in this letter.

Due to the size and complexity of various issues surrounding CPUC's pipeline inspection program, the OPS intends to continue various issue-based programmatic reviews and site-visits. The OPS also intends to initiate mentoring sessions with CPUC's pipeline staff, as mentioned earlier, for conducting thorough pipeline safety inspections. The OPS is in the process of coordinating these items with your staff and looks forward to your cooperation in these efforts.

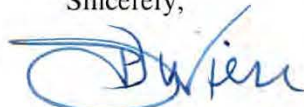
The OPS appreciates the contributions to pipeline safety by your staff members, Mr. Michael Robertson, who is active in the National Association of Pipeline Safety Representatives, and Mr. Sunil Shori, who participates in the Common Ground Alliance Best Practices Committee. These efforts are appreciated and enhance the Federal/State partnership efforts promoting pipeline safety.

Please provide your comments regarding the above Items 1-10 within 60 days of your receipt of this letter to avoid losing performance points in next year's evaluation. The response should be addressed to:

Mr. Zach Barrett  
Director of State Programs, Office of Pipeline Safety  
Attn: Molly Moody  
3700 S. MacArthur Blvd, Suite B  
Oklahoma City, OK 73179-7612

Thank you for your contributions and continuing support of the pipeline safety program. We look forward to working with you to continue to improve the program over the coming years.

Sincerely,



Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

cc: Michael Robertson, Program Manager—Gas Safety and Reliability Branch, CPUC  
Chris Hoidal, OPS Western Region Director  
Rex Evans, OPS State Programs Liaison – PHP50



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1200 New Jersey Avenue SE  
Washington DC 20590

## 2012 Natural Gas State Program Evaluation

for

CALIFORNIA PUBLIC UTILITIES COMMISSION

### Document Legend

#### PART:

- O -- Representative Date and Title Information
- A -- Progress Report and Program Documentation Review
- B -- Program Inspection Procedures
- C -- Program Performance
- D -- Compliance Activities
- E -- Incident Investigations
- F -- Damage Prevention
- G -- Field Inspections
- H -- Interstate Agent State (If Applicable)
- I -- 60106 Agreement State (If Applicable)



2012 Natural Gas State Program Evaluation -- CY 2012  
Natural Gas

**State Agency:** California

**Agency Status:**

**Date of Visit:** 07/09/2013 - 07/18/2013

**Agency Representative:** Mike Robertson, Sunil Shori

**PHMSA Representative:** Rex Evans

**Rating:**

**60105(a):** Yes **60106(a):** No **Interstate Agent:** No

**Commission Chairman to whom follow up letter is to be sent:**

**Name/Title:** Michael R. Peevey, President  
**Agency:** California Public Utilities Commission  
**Address:** 505 Van Ness Avenue  
**City/State/Zip:** San Francisco, CA 94102-3298

**INSTRUCTIONS:**

Complete this evaluation in accordance with the Procedures for Evaluating State Pipeline Safety Program. The evaluation should generally reflect state program performance during CY 2012 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. A deficiency in any one part of a multiple part question should be scored as needs improvement. Determine the answer to the question then select the appropriate point value. If a state receives less than the maximum points, include a brief explanation in the space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on performance. This evaluation together with selected factors reported in the state's annual progress report attachments provide the basis for determining the state's pipeline safety grant allocation.

**Field Inspection (PART G):**

The field inspection form used will allow different areas of emphasis to be considered for each question. Question 13 is provided for scoring field observation areas. In completing PART G, the PHMSA representative should include a written summary which thoroughly documents the inspection.

**Scoring Summary**

<b>PARTS</b>	<b>Possible Points</b>	<b>Points Scored</b>
A Progress Report and Program Documentation Review	10	9
B Program Inspection Procedures	15	14
C Program Performance	46	43
D Compliance Activities	15	13
E Incident Investigations	9	7
F Damage Prevention	8	8
G Field Inspections	11	5
H Interstate Agent State (If Applicable)	0	0
I 60106 Agreement State (If Applicable)	0	0
<b>TOTALS</b>	<b>114</b>	<b>99</b>
<b>State Rating</b> .....		<b>86.8</b>



# PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- |          |   |   |   |
|----------|---|---|---|
| <b>1</b> | Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1 (A1a)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

**Evaluator Notes:**

The information listed on Attachment 1 appears to be filled out correctly based on information reviewed. Impossible to review master meter counts due to quantity.

- |          |  |   |   |
|----------|--|---|---|
| <b>2</b> | Review of Inspection Days for accuracy - Progress Report Attachment 2 (A1b)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

Reviewed monthly spreadsheets that were totalled together for information that was reported. Based on that information numbers appear correct. Would like to see an inspector by inspector summary available in future - this information is kept at northern office in SF

- |          |  |   |   |
|----------|--|---|---|
| <b>3</b> | Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3 (A1c)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

Information appears correct - again large quantities of MM and LPG make it difficult - but remainder appear correct.

- |          |  |   |   |
|----------|--|---|---|
| <b>4</b> | Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4 (A1d)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

The information appeared correct, many incidents listed did not end up meeting federal requirement - but were initially reported to NRC. Recommend putting any non-reportable incidents in comments only.

- |          |  |   |   |
|----------|--|---|---|
| <b>5</b> | Accuracy verification of Compliance Activities - Progress Report Attachment 5 (A1e)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

Large amount of this data is master meter compliance actions. Recommend splitting totals out in comments by MM, LPG and all the rest.

- |          |   |   |   |
|----------|---|---|---|
| <b>6</b> | Were pipeline program files well-organized and accessible? - Progress Report Attachment 6 (A1f, A4)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 1 |
|----------|---|---|---|

**Evaluator Notes:**

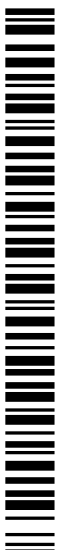
Southern California files kept in LA, Northern California files kept in SF. Not a problem - just need to make sure database reflects status if that is what is relied upon to manage any closure of audit issues. It was difficult to analyze what field activities had taken place based on file review, many hand written notes that could not be analyzed as to what happened during inspections. Improvement needed in this area. Recommend use of more checklists to help organize inspections.

- |          |  |   |   |
|----------|--|---|---|
| <b>7</b> | Was employee listing and completed training accurate and complete? - Progress Report Attachment 7 (A1g)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

**Evaluator Notes:**

Employee list and training appear correct - taken from TQ files. Large number of new staff are in training process at this time. At least 8 new inspectors hired in CY2012.

- |          |   |   |   |
|----------|---|---|---|
| <b>8</b> | Verification of Part 192,193,198,199 Rules and Amendments - Progress Report Attachment 8 (A1h)<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|





Evaluator Notes:

Automatic adopting of amendments, effective date published in register.

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- 9** List of Planned Performance - Did state describe accomplishments on Progress Report in detail - Progress Report Attachment 10 (H1-3) 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

No issues

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- 10** General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

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Total points scored for this section: 9  
Total possible points for this section: 10



# PART B - Program Inspection Procedures

Points(MAX) Score

**1** Standard Inspections (B1a) 2 2  
 Yes = 2 No = 0 Needs Improvement = 1

**Evaluator Notes:**

CPUC inspection procedures are covered under GO-112E Procedures Manual. This is covered under Section II scheduling inspections

**2** IMP Inspections (including DIMP) (B1b) 1 1  
 Yes = 1 No = 0 Needs Improvement = .5

**Evaluator Notes:**

This is mentioned in section II. Recommend enhancing this process in procedures to include annual expectations from operators and and review of ongoing processes

**3** OQ Inspections (B1c) 1 1  
 Yes = 1 No = 0 Needs Improvement = .5

**Evaluator Notes:**

Included in Section II procedures. Also recommend thorough review of what actions are taken on regular inspections and thorough review of status of any plan reviews for other than MM/LPG operators. Plan review time frames should be specified and notes made in procedures as to uploading inspection results.

**4** Damage Prevention Inspections (B1d) 1 1  
 Yes = 1 No = 0 Needs Improvement = .5

**Evaluator Notes:**

Section II procedures. No issues

**5** On-Site Operator Training (B1e) 1 1  
 Yes = 1 No = 0 Needs Improvement = .5

**Evaluator Notes:**

This was added to page 5 of procedures. This was item noted in last years evaluation and corrected appropriately. No issues

**6** Construction Inspections (B1f) 1 1  
 Yes = 1 No = 0 Needs Improvement = .5

**Evaluator Notes:**

This is noted in section II of procedures. Recommend enhancement of this section to make sure an adequate amount of construction activities are viewed in each area which should include all types including new service line installation

**7** Incident/Accident Investigations (B1g) 2 2  
 Yes = 2 No = 0 Needs Improvement = 1

**Evaluator Notes:**

Separate procedure manual for incidents. no issues

**8** Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? (B2a-d, G1,2,4) 6 5  
 Yes = 6 No = 0 Needs Improvement = 1-5

- a. Length of time since last inspection Yes  No  Needs Improvement
- b. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) Yes  No  Needs Improvement
- c. Type of activity being undertaken by operators (i.e. construction) Yes  No  Needs Improvement
- d. Locations of operators inspection units being inspected - (HCA's, Geographic areas, Population Density, etc) Yes  No  Needs Improvement



- e. Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors) Yes  No  Needs Improvement
- f. Are inspection units broken down appropriately? Yes  No  Needs Improvement

Evaluator Notes:

These items are noted in section II of inspection procedures other than item f. Upon review of inspection units - improvement is needed in this area as the large LDC's do not appear to be broken down adequately and review is needed for PGE, SoCal gas including San Diego Gas and Electric.

**9** General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

Provided additional checklists to help enhance inspection programs along with discussion on ways to break down inspection units for large operators.

Total points scored for this section: 14  
 Total possible points for this section: 15



**PART C - Program Performance**

**Points(MAX) Score**

- 1** Was ratio of Total Inspection person-days to total person days acceptable? (Director of State Programs may modify with just cause) Chapter 4.3 (A12) 5 5  
 Yes = 5 No = 0
- A. Total Inspection Person Days (Attachment 2):  
 1412.00
- B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):  
 220 X 15.91 = 3500.93
- Ratio: A / B  
 1412.00 / 3500.93 = 0.40
- If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0  
 Points = 5

**Evaluator Notes:**

Inspector person days appears to have met requirements. Full points.

- 2** Has each inspector and program manager fulfilled the T Q Training Requirements? (See Guidelines for requirements) Chapter 4.4 (A8-A11, G19) 5 5  
 Yes = 5 No = 0 Needs Improvement = 1-4
- a. Completion of Required OQ Training before conducting inspection as lead? Yes  No  Needs Improvement
- b. Completion of Required DIMP\*/IMP Training before conducting inspection as lead? \*Effective Evaluation CY2013 Yes  No  Needs Improvement
- c. Root Cause Training by at least one inspector/program manager Yes  No  Needs Improvement
- d. Note any outside training completed Yes  No  Needs Improvement

**Evaluator Notes:**

All training requirements appear to be fulfilled. Reviewed exception reports and transcripts provided in SABA from TQ. Recommend thorough review as normal to ensure all things are covered.

- 3** Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 (A5) 2 2  
 Yes = 2 No = 0 Needs Improvement = 1

**Evaluator Notes:**

There are no issues in this area.

- 4** Did state respond to Chairman's letter on previous evaluation within 60 days and correct or address any noted deficiencies? (If necessary) Chapter 8.1 (A6-7) 2 2  
 Yes = 2 No = 0 Needs Improvement = 1

**Evaluator Notes:**

Letter sent December 14, 2013 - received by state sometime during week following, response received Feb 15, 2013. This appears to be within 60 days as required due to mailing time and actual receipt of response.

- 5** Did State hold PHMSA TQ Seminar in Past 3 Years? Chapter 8.5 (A3) 2 2  
 Yes = 2 No = 0

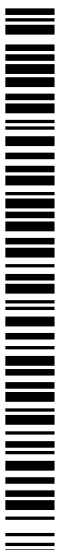
**Evaluator Notes:**

October 11-2, Fresno, October 3-4 in Riverside. The last TQ seminars were in 2011. No issues

- 6** Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1 (B3) 5 5  
 Yes = 5 No = 0 Needs Improvement = 1-4

**Evaluator Notes:**

Time frames - MM, which are Mobile home parks in CA are listed on a seven year schedule. All others are on a three year requirement. It appears inspections have been done in the intervals established.



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<b>7</b>	Did inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Did State complete all applicable portions of inspection forms? Chapter 5.1 (B4-5) Yes = 2 No = 0 Needs Improvement = 1	2	0
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Evaluator Notes:

The inspections forms appear to cover all applicable code sections for both distribution and transmission on the inspections reviewed. They primarily use most recent version of federal forms. Found issues with SoCal Gas checklists - there was information included in the inspection checklists that crossed over unit areas. Information was cut and paste information incorrect for inspection unit. Also inspection forms for Gas storage fields were not consistent and was unable to determine who filled out what informations. Also, information relating as to what was looked at and reviewed on field portion of inspections was not clear other than handwritten notes. Improvement is needed on record keeping.

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<b>8</b>	Did the state review operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken? (NTSB) Chapter 5.1 (B7) Yes = 1 No = 0	1	1
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Evaluator Notes:

No issues, this is covered on inspection lists.

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<b>9</b>	Did the state review operator procedures for surveillance of cast iron pipelines, including appropriate action resulting from tracking circumferential cracking failures, study of leakage history, or other unusual operating maintenance condition? (Note: See GPTC Appendix G-18 for guidance) (NTSB) Chapter 5.1 (B8) Yes = 1 No = 0	1	1
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Evaluator Notes:

No issues, covered on federal form

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<b>10</b>	Did the state review operator emergency response procedures for leaks caused by excavation damage near buildings and determine whether the procedures adequately address the possibility of multiple leaks and underground migration of gas into nearby buildings Refer to 4/12/01 letter from PHMSA in response to NTSB recommendation P-00-20 and P-00-21? (NTSB) Chapter 5.1 (B9) Yes = 1 No = 0	1	1
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Evaluator Notes:

yes, covered on inspection form as part of inspection.

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<b>11</b>	Did the state review operator records of previous accidents and failures including reported third party damage and leak response to ensure appropriate operator response as required by 192.617? Chapter 5.1 (B10,E5) Yes = 1 No = 0	1	1
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Evaluator Notes:

Yes, covered on federal form of inspections under 192.617

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<b>12</b>	Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues? Data Initiative (G6-9,G16) Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

Database used to monitor Mobile home Parks (MM) and LPG operators on trends. Also information is reviewed by agency and put on CPUC web with information from LDC's to monitor trends and operator issues.

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<b>13</b>	Did state input all applicable OQ, IMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database. Chapter 5.1 (G10-12) Yes = 2 No = 0 Needs Improvement = 1	2	1
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Evaluator Notes:

Improvement needed in this area, it appears information is inconsistently uploaded into database, although it appears inspections are being completed especially on OQ database. initiated action to make sure all employees have access needed to accomplish this.

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<b>14</b>	Has state confirmed intrastate transmission operators have submitted information into NPMS database along with changes made after original submission? (G14) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

This information appears to be up to date. No issues.

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<b>15</b>	Is the state verifying operators are conducting drug and alcohol tests as required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199 (I1-3) Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

Yes, state has been conducting D&A inspections and verifying programs. no issues.

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<b>16</b>	Is state verifying operators OQ programs are up to date? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals determined in the operators plan. 49 CFR 192 Part N (I4-7) Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

It appears program inspections are being conducted. Recommend thorough review to ensure no smaller LDC's are having issues. Plan review time frames should be specified.

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<b>17</b>	Is state verifying operator's gas transmission integrity management programs (IMP) are up to date? This should include a previous review of IMP plan, along with monitoring progress on operator tests and remedial actions. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart O (I8-12) Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

record review and state law indicate up to date activities are take place. Again, should look for more formalized process in procedures

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<b>18</b>	Is state verifying operator's gas distribution integrity management Programs (DIMP)? This should include a review of DIMP plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart P DIMP ? First round of program inspections should be complete by December 2014  Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

No issues, these are in process and appear to be on schedule for completion as required on major utilities.

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<b>19</b>	Is state verifying operators Public Awareness programs are up to date and being followed. State should also verify operators have evaluated Public Awareness programs for effectiveness as described in RP1162. 49 CFR 192.616 (I13-16) PAPEI Effectiveness Inspections should be complete by December 2013  Yes = 2 No = 0 Needs Improvement = 1	2	2
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Evaluator Notes:

These are also in process and appear to be on schedule for completion by end of year on all operators other than MM and LPG



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<b>20</b>	Does the state have a mechanism for communicating with stakeholders - other than state pipeline safety seminar? (This should include making enforcement cases available to public). (G20-21) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

CAPUC puts a great deal of information on website - no issues.

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<b>21</b>	Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3 (B6) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

Jerry Kennerson - regular communication. all appear up to date.

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<b>22</b>	Did the State ask Operators to identify any plastic pipe and components that has shown a record of defects/leaks and what those operators are doing to mitigate the safety concerns? (G13) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

No issues, appears to have been address back in 2011 with major utilities. All major utilities participate in PPDC. No issues.

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<b>23</b>	Did the state participate in/respond to surveys or information requests from NAPSR or PHMSA? (H4) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

Fully active. No issues.

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<b>24</b>	General Comments: Info Only = No Points	Info Only	Info Only
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Evaluator Notes:

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Total points scored for this section: 43  
Total possible points for this section: 46



**PART D - Compliance Activities**

**Points(MAX) Score**

- 1** Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1 (B12-14, B16, B1h) 4 4  
Yes = 4 No = 0 Needs Improvement = 1-3
- a. Procedures to notify an operator (company officer) when a noncompliance is identified Yes  No  Needs Improvement
- b. Procedures to routinely review progress of compliance actions to prevent delays or breakdowns Yes  No  Needs Improvement

Evaluator Notes:  
appear ok, Procedures are outlines in procedures manual.

- 2** Did the state follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1 (B11,B18,B19) 4 2  
Yes = 4 No = 0 Needs Improvement = 1-3
- a. Were compliance actions sent to company officer or manager/board member if municipal/government system? Yes  No  Needs Improvement
- b. Were probable violations documented? Yes  No  Needs Improvement
- c. Were probable violations resolved? Yes  No  Needs Improvement
- d. Was the progress of probable violations routinely reviewed? Yes  No  Needs Improvement

Evaluator Notes:  
Violation resolution and progress of review needs improvement. Violations reviewed appear to have reached a bottleneck in resolution of compliance process. Violations found in CY2012 have not been acted upon due to CPUC policy issues. Follow-up and initiation of compliance procedures are not being followed and need resolved as soon as possible.

- 3** Did the state issue compliance actions for all probable violations discovered? (B15) 2 2  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:  
Compliance actions, at least notifications, appear to have been issues for violations discovered.

- 4** Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary. (B17, B20) 2 2  
Yes = 2 No = 0

Evaluator Notes:  
No issues with due process

- 5** Is the program manager familiar with state process for imposing civil penalties? Were civil penalties considered for repeat violations (with severity consideration) or violations resulting in incidents/accidents? (describe any actions taken) (B27) 2 2  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:  
PM is very familiar with process and other civil penalty issues, bottlenecks have resulted in state initiating a self-reporting program that is yet to be worked out, but considerations to civil penalties are in forefront.

- 6** Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations? 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:  
They have demonstrated fining authority. PGE - San Bruno.

- 7** General Comments: Info Only Info Only  
Info Only = No Points





Evaluator Notes:

Compliance process is in state of flux at this time, but process is there but bottleneck has occurred due to some growing pains of their process. These issues need resolved as soon as possible so program can close issues.

---

Total points scored for this section: 13  
Total possible points for this section: 15



**PART E - Incident Investigations**

**Points(MAX) Score**

**1** Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? And did state keep adequate records of Incident/Accident notifications received? Chapter 6 (A2,D1-3) **2** **2**  
Yes = 2 No = 0 Needs Improvement = 1

- a. Acknowledgement of MOU between NTSB and PHMSA (Appendix D) Yes  No  Needs Improvement
- b. Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) Yes  No  Needs Improvement

**Evaluator Notes:**

No issues in this area. Well established mechanism and records are kept.

**2** If onsite investigation was not made, did state obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 (D4) **1** **1**  
Yes = 1 No = 0 Needs Improvement = .5

**Evaluator Notes:**

Records reviewed of incidents for Southern California appear to have received necessary information if an on-site visit was not made. Most were visited.

**3** Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? (D5) **3** **1**  
Yes = 3 No = 0 Needs Improvement = 1-2

- a. Observations and document review Yes  No  Needs Improvement
- b. Contributing Factors Yes  No  Needs Improvement
- c. Recommendations to prevent recurrences when appropriate Yes  No  Needs Improvement

**Evaluator Notes:**

A review of incidents found a need for improvement in overall process and documentation of events leading up to incident along with operator follow-up after to ensure no recurrence. Reviewed several incidents in So. California with the following observations. ----

SoCal Gas - 3052 Lanfranco, LA 2-11-12 - Sewer line hit, need follow up with operator - although has program there should be communication to look at prevention of recurrence. Additional data and follow-up needed to find out progress of SLIP program and what actions had been taken in this geographic area.----

7/21/12 SoCal Gas E Duarte and S. 2nd Avenue in Arcadia, CA - indication of electrical arc cause hole in steel pipe. No supporting information to substantiate cause, draft report was not complete as of June 2013. Sooner follow up needed -----

12/18/12 So Cal Gas 2100 E. Ball Road in Anaheim, CA - Leaking Aldyl A coupling- no follow up, report information incomplete - need to review emergency response and time line of events. Questions if customer calls were reviewed along with other event and material questions are unanswered. Follow-up and review needed although incident report was not complete as of review date week of July 8, 2013.

**4** Did the state initiate compliance action for violations found during any incident/accident investigation? (D6) **1** **1**  
Yes = 1 No = 0

**Evaluator Notes:**

Compliance actions had been initiated. Bottleneck issues addressed in other questions.

**5** Did the state assist region office by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents/accidents and investigate discrepancies) Chapter 6 (D7) **1** **1**  
Yes = 1 No = 0 Needs Improvement = .5



Evaluator Notes:

no issues

---

- 6 Does state share lessons learned from incidents/accidents? (sharing information, such as: 1 1  
at NAPS Region meetings, state seminars, etc) (G15)  
Yes = 1 No = 0

Evaluator Notes:

Actively shares information. No issues.

---

- 7 General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

See comments in previous questions.

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Total points scored for this section: 7  
Total possible points for this section: 9



**PART F - Damage Prevention**

**Points(MAX) Score**

- |          |   |   |   |
|----------|---|---|---|
| <b>1</b> | Has the state reviewed directional drilling/boring procedures of each pipeline operator or its contractor to determine if they include actions to protect their facilities from the dangers posed by drilling and other trench less technologies? NTSB (E1)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

**Evaluator Notes:**

Item is addressed in procedures manual and during last inspection period has been added to inspection form. This is historically addressed for compliance in section 192.614 of which has always been on inspection checklist.

- |          |  |   |   |
|----------|--|---|---|
| <b>2</b> | Did the state inspector check to assure the pipeline operator is following its written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system? (E2)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

**Evaluator Notes:**

Also addressed in 192.614 and confirmed on checklists. no issues

- |          |   |   |   |
|----------|---|---|---|
| <b>3</b> | Did the state encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (i.e. such as promoting/adopting the CGA Best Practices encouraging adoption of the 9 Elements, etc.) (E3)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

**Evaluator Notes:**

Outreach item in participation with California regional CGA's. No issues.

- |          |  |   |   |
|----------|--|---|---|
| <b>4</b> | Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests? (This can include DIRT and other data shared and reviewed by the pipeline safety program) (E4,G5)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

**Evaluator Notes:**

major operators are required quarterly submission of damages. Information entered into database and reviewed. no issues.

- |          |  |           |           |
|----------|--|-----------|-----------|
| <b>5</b> | General Comments:<br>Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

**Evaluator Notes:**

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Total points scored for this section: 8  
Total possible points for this section: 8



# PART G - Field Inspections

Points(MAX) Score

- 1 Operator, Inspector, Location, Date and PHMSA Representative Info Only Info Only  
Info Only = No Points  
Name of Operator Inspected:  
San Diego Gas and Electric  
Name of State Inspector(s) Observed:  
Matthewson Epuna - Lead Inspector; Also in attendance - Joel Tran, Mike Robertson  
Location of Inspection:  
SGE Offices, Miramar Road, San Diego, CA  
Date of Inspection:  
July 15-18, 2013  
Name of PHMSA Representative:  
Rex Evans

Evaluator Notes:

An additional field audit took place in Northern California at Pacific Gas and Electric Modesto (Yosemite) Gas Division. This was conducted week of October 21, 2013.

- 
- 2 Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (F2) 1 1  
Yes = 1 No = 0

Evaluator Notes:

operator present during entire review for both sessions

- 
- 3 Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) (F3) 2 0  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

During San Diego Gas audit, Checklists were available, but not necessarily used as a guide for the inspection. During the inspection it was observed that certain inspection items were reviewed and others skipped and not mentioned until I asked specifically about the compliance items. For example, no records of pressure tests or EFV installations on new installations were requested until mentioned. There would have been no way to confirm compliance if not. Drastic Improvement needed in this area. Deducting full two points due to the observations during evaluation. Checklists were also available during PGE Modesto audit. During review of information need to complete entire audit the inspection staff seems to lack ability to know all information needed to complete thorough records inspection.

- 
- 4 Did the inspector thoroughly document results of the inspection? (F4) 2 1  
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

I'm going to give a needs improvement status on this. During overall review of inspection records there is more need for detail and documentation of information viewed in field. Specific address of locations visited, observations documented and any other detail noted on field portion of inspection.

- 
- 5 Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Maps, pyrometer, soap spray, CGI, etc.) (F5) 1 1  
Yes = 1 No = 0

Evaluator Notes:

San Diego Gas - Evaluation did not make it to any field verification or review of any field tasks. During the audit of PGE in Modesto it appeared necessary equipment was available.

- 
- 6 Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) (F7) 2 1  
Yes = 2 No = 0 Needs Improvement = 1  
a. Procedures



- b. Records
- c. Field Activities
- d. Other (please comment)

Evaluator Notes:

We did not get to "field" during San Diego Gas and Electric audit. Field time spent at PGE in Modesto was disorganized. CPUC needs to evaluation what activities they are reviewing in field and what time they are spending on those various activities. No enough is being reviewed in field.

**7** Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) (F8) 2 0  
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Matthewson Epuna was lead inspector in the audit of San Diego Gas and Electric. Although Mr. Epuna has nearly 20 years of inspection experience it was not apparent during this review that Mr. Epuna had not gathered enough information to ensure company (San Diego Gas and Elec) was in compliance with basic maintenance requirements. For example, upon review of code sections 192.747 (distribution valves), 192.739 (regulator station inspections), 192.455 (cathodic protection) and various other code sections, Epuna was prepared to accept most current year readings or inspection dates as confirmation of compliance. Compliance can not be confirmed without verification of previous reading or inspection dates to confirm maintenance was performed at the required interval. It was evident that Epuna was not prepared to ask for necessary information to confirm compliance until challenged to do so.

During PGE field evaluation in Modesto, the lead inspector Banu Acimus appeared to have knowledge of regulations but needs coaching on inspection approach and an understanding of how long it takes to conduct various inspections versus capturing all inspections in a time defined period.

**8** Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) (F9) 1 1  
 Yes = 1 No = 0

Evaluator Notes:

Neither inspection was totally complete, but certain areas of concern were discussed as time allowed.

**9** During the exit interview, did the inspector identify probable violations found during the inspections? (if applicable) (F10) 1 NA  
 Yes = 1 No = 0

Evaluator Notes:

**10** General Comments: What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) Other. Info Only Info Only  
 Info Only = No Points

- a. Abandonment
- b. Abnormal Operations
- c. Break-Out Tanks
- d. Compressor or Pump Stations
- e. Change in Class Location
- f. Casings
- g. Cathodic Protection
- h. Cast-iron Replacement
- i. Damage Prevention
- j. Deactivation
- k. Emergency Procedures
- l. Inspection of Right-of-Way
- m. Line Markers
- n. Liaison with Public Officials



- o. Leak Surveys
- p. MOP
- q. MAOP
- r. Moving Pipe
- s. New Construction
- t. Navigable Waterway Crossings
- u. Odorization
- v. Overpressure Safety Devices
- w. Plastic Pipe Installation
- x. Public Education
- y. Purging
- z. Prevention of Accidental Ignition
- A. Repairs
- B. Signs
- C. Tapping
- D. Valve Maintenance
- E. Vault Maintenance
- F. Welding
- G. OQ - Operator Qualification
- H. Compliance Follow-up
- I. Atmospheric Corrosion
- J. Other

Evaluator Notes:

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Total points scored for this section: 5  
 Total possible points for this section: 11



**PART H - Interstate Agent State (If Applicable)**

**Points(MAX) Score**

**1** Did the state use the current federal inspection form(s)? (C1) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**2** Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"? (C2) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**3** Did the state submit documentation of the inspections within 60 days as stated in its latest Interstate Agent Agreement form? (C3) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**4** Were probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (C4) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**5** Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (C5) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**6** Did the state give written notice to PHMSA within 60 days of all probable violations found? (C6) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**7** Did the state initially submit documentation to support compliance action by PHMSA on probable violations? (C7) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**8** General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

CAPUC is not an interstate agent. N/A

Total points scored for this section: 0  
Total possible points for this section: 0





**PART I - 60106 Agreement State (If Applicable)**

**Points(MAX) Score**

**1** Did the state use the current federal inspection form(s)? (B21) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**2** Are results documented demonstrating inspection units were reviewed in accordance with state inspection plan? (B22) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**3** Were any probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (B23) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**4** Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (B24) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**5** Did the state give written notice to PHMSA within 60 days of all probable violations found? (B25) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

**6** Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations? (B26) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

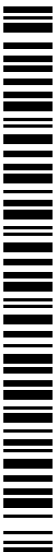
Evaluator Notes:

**7** General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

Not applicable

Total points scored for this section: 0  
Total possible points for this section: 0





U.S. Department  
of Transportation  
**Pipeline and Hazardous  
Materials Safety  
Administration**

1200 New Jersey Ave., S.E.  
Washington DC 20590

December 1, 2014

Mr. Michael R. Peevey, President  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102-3298

Dear President Peevey:

Sections 60105(e) and 60106(d) of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (Act) provide for the monitoring of state pipeline safety programs by the Pipeline and Hazardous Materials Safety Administration (PHMSA). This annual monitoring is to ensure compliance with the Act requirements for state pipeline safety programs and provides information for determining the state's total performance point award for the PHMSA pipeline safety grant for next year.

During the weeks of August 11th, September 8th, and September 22nd of 2014, representatives of PHMSA's Office of State Programs evaluated the CY 2013 Pipeline Safety program activities conducted by the California Public Utilities Commission (CPUC). The evaluation encompassed the validation of annual Progress Report documents submitted to PHMSA, review of the pipeline program procedures and records, and the observation of on-site inspections of two pipeline operators conducted by your staff. Thank you for the courtesies extended to Mr. Rex Evans and Mr. Michael Thompson, PHMSA State Programs, by your staff.

Based on the Program Evaluation and the validation of Progress Report information, it appears the pipeline safety program is improving, but there remains important work to be accomplished. If an item has not been corrected from the previous evaluations it will result in a loss of grant funding. As a result of this evaluation, I would like to bring the following items to your attention:

- 1) As mentioned in past correspondence, during review of the CPUC 2013 Progress Report, five points were deducted for not having safety authority over all intrastate pipeline facilities. PHMSA understands it is a long term goal for the CPUC to obtain safety authority over all intrastate gas pipeline operator types and that program improvement is needed to move forward; however, until the safety program has improved and the additional safety authority is obtained the CPUC will continue to lose points for this issue.
- 2) There continues to be a two-point deduction in the CPUC Progress Report score for the CPUC civil penalty levels not being equal to or greater than a maximum penalty level of \$100,000 per day per violation up to a maximum of \$1,000,000 for a related series of violations. PHMSA recognizes the CPUC is issuing large civil penalties in

some instances, but we continue to encourage the CPUC to take action to achieve or exceed the maximum civil penalty levels as stated above or PHMSA's levels of \$200,000 per violation per day up to a maximum of \$2,000,000 for a related series of violations.

- 3) Part of the annual Program Evaluation is a review of documentation submitted on the CPUC annual Progress Report. Our review identified improvement is needed in the accuracy of information listed in Attachment 4 of the Progress Report, as an incorrect operator was reported on the list of incidents reported to PHMSA. This resulted in a one-half point deduction on the Program Evaluation due to this reporting error. Please take action to assure all information reported in your annual Progress Report to PHMSA is accurate.
- 4) An essential part of operating a pipeline safety program includes having well-organized and accessible records. Our review found the San Francisco Office and the Los Angeles Office have different methods of record keeping. Inspection notes were not included in many of the inspection files reviewed and records were difficult to analyze. This item was discussed in the previous evaluation and it is recognized that the CPUC management in November of 2013, issued a Gas Safety Audit Guideline and Best Practices document for performance of inspections including requirements for maintaining clear inspection documentation. The importance of clear inspection documentation should continue to be reinforced with inspection staff and CPUC management. A total of three points were deducted on the Program Evaluation for this issue which includes a review of the completeness of inspection forms. Please take action to improve the organization of record keeping, accessibility of records, and inspection documentation.
- 5) The CPUC's inspection procedures were reviewed during the Program Evaluation. During the previous evaluation PHMSA's evaluators discussed the need to make sure an adequate amount of construction activities are reviewed that encompass all types of construction - including new and replacement service lines. A one point deduction resulted on the Program Evaluation due to improvement still being needed in this area. Please take action to increase the amount of inspection time dedicated to the construction of new and replacement service lines.
- 6) The previous Program Evaluation noted inspection units were in need of being reviewed and amended to ensure field inspection activities are comprehensive in all geographic areas of California. While progress is being made in this area, the CPUC needs to continue the review of inspection unit size and analyze inspection approaches to ensure an adequate amount of inspection time is being spent in all geographic areas. The continued need for improvement in this area resulted in a one point deduction on the Program Evaluation.
- 7) States are required to input information regarding various Operator Qualification (OQ) inspections into a federal database to track progress in this area. As mentioned in last year's letter, PHMSA found that information was inconsistently uploaded and

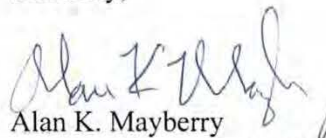
improvement is needed in this area. This resulted in a one point deduction on the Program Evaluation for failure to make improvement in this area. Please take action to assure the timely entry of OQ inspection data into the federal database.

- 8) During the review of the CPUC compliance activities, it was found various compliance actions issued throughout the past two years continue to be in need of resolution. While it appears progress is being made, there is still a lack of compliance resolution within a reasonable time frame. There was a total of three points deducted on the Program Evaluation due to improvement being needed with the timely processing of compliance actions. Please take action to bring open compliance actions to closure.
- 9) CPUC Incident investigations were reviewed during the Program Evaluation. It was found improvement is needed in the overall process and documentation of incidents from the initial report through the investigation, enforcement actions, and finally the closure of the investigations and follow-up actions with the pipeline operator. Specific information on the incidents reviewed has been relayed to the CPUC Pipeline Safety Program Manager for further follow-up. This resulted in a four point reduction for the Program Evaluation.
- 10) During the incident investigation review mentioned above, it was noted a great deal of incidents in the State of California were a result of damage due to various underground excavation issues. Please advise what actions the CPUC is taking to reduce damages to pipelines caused by excavation.
- 11) The field inspection portion of the Program Evaluation encompassed a review of two pipeline operator inspections by the CPUC. The field inspections were conducted for Pacific Gas and Electric (PGE) in San Francisco the week of August 11th and San Diego Gas and Electric (SDGE) in Miramar, CA the week of September 22nd. A great deal of discussions took place between Mr. Evans and the CPUC inspection staff on approaches to inspections of these large operators. Overall there is improvement needed in the documenting of field inspection results along with a need to analyze the quantity of field verification activities being conducted throughout the various geographic areas of these operators. There was a three point deduction in this area on the Program Evaluation.
- 12) The Program Evaluation includes a review of previous issues identified as needing improvement and outlined in our correspondence to the CPUC and the CPUC actions to correct them. Due to various issues still being outstanding and needing improvement a one point deduction was made on the Program Evaluation.

We look forward to working with Mr. Kenneth Bruno who was recently named Program Manager of the CPUC pipeline safety staff. It appears the CPUC has the staff and structure in place now to make great strides with your inspection and enforcement program. We intend on continuing to work closely with the CPUC pipeline safety staff to make sure any items in need of improvement are accomplished.

Please provide your comments regarding the above items 1-12 within 60 days of your receipt of this letter to avoid losing performance points in next year's evaluation. The response should be addressed to Mr. Zach Barrett, PHMSA Director of State Programs, at the following address: 3700 S. MacArthur Blvd, Suite B, Oklahoma City, OK 73179-7612. Thank you for your contributions and continuing support of the pipeline safety program.

Sincerely,



Alan K. Mayberry  
Deputy Associate Administrator for Policy and Programs  
Office of Pipeline Safety

cc: Mr. Kenneth Bruno, State Program Manager  
Mr. Chris Hoidal, PHMSA/OPS Western Region Director  
Mr. Rex Evans, State Liaison – PHP50



U.S. Department  
of Transportation  
**Pipeline and Hazardous  
Materials Safety  
Administration**

1200 New Jersey Avenue SE  
Washington DC 20590

## 2013 Natural Gas State Program Evaluation

for

CALIFORNIA PUBLIC UTILITIES COMMISSION

### Document Legend

#### PART:

- O -- Representative Date and Title Information
- A -- Progress Report and Program Documentation Review
- B -- Program Inspection Procedures
- C -- Program Performance
- D -- Compliance Activities
- E -- Incident Investigations
- F -- Damage Prevention
- G -- Field Inspections
- H -- Interstate Agent State (If Applicable)
- I -- 60106 Agreement State (If Applicable)

2013 Natural Gas State Program Evaluation -- CY 2013  
Natural Gas

**State Agency:** California  
**Agency Status:**  
**Date of Visit:** 08/11/2014 - 09/26/2014  
**Agency Representative:** Ken Bruno - Acting Program Manager, Dennis Lee - Supervisor, Amy Cauguiran - Supervisor  
**PHMSA Representative:** Rex Evans, Michael Thompson  
**Commission Chairman to whom follow up letter is to be sent:**  
**Name/Title:** Michael R. Peevey, President  
**Agency:** California Public Utilities Commission  
**Address:** 505 Van Ness Avenue  
**City/State/Zip:** San Francisco, CA 94102

**Rating:**  
**60105(a):** Yes **60106(a):** No **Interstate Agent:** No

**INSTRUCTIONS:**

Complete this evaluation in accordance with the Procedures for Evaluating State Pipeline Safety Program. The evaluation should generally reflect state program performance during CY 2013 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. A deficiency in any one part of a multiple part question should be scored as needs improvement. Determine the answer to the question then select the appropriate point value. If a state receives less than the maximum points, include a brief explanation in the space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on performance. This evaluation together with selected factors reported in the state's annual progress report attachments provide the basis for determining the state's pipeline safety grant allocation.

**Field Inspection (PART G):**

The field inspection form used will allow different areas of emphasis to be considered for each question. Question 13 is provided for scoring field observation areas. In completing PART G, the PHMSA representative should include a written summary which thoroughly documents the inspection.

**Scoring Summary**

<b>PARTS</b>	<b>Possible Points</b>	<b>Points Scored</b>
A Progress Report and Program Documentation Review	10	7.5
B Program Inspection Procedures	15	13
C Program Performance	46	42
D Compliance Activities	15	12
E Incident Investigations	9	5
F Damage Prevention	8	8
G Field Inspections	11	8
H Interstate Agent State (If Applicable)	0	0
I 60106 Agreement State (If Applicable)	0	0
<b>TOTALS</b>	<b>114</b>	<b>95.5</b>
<b>State Rating .....</b>		<b>83.8</b>

# PART A - Progress Report and Program Documentation Review

Points(MAX) Score

1	Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1 (A1a) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

The information listed on attachment 1 appears to be accurately based on the information reviewed. However, the information on master metered operators is hard to verify due to the high number. Need to review jurisdiction status of LNG operator.

2	Review of Inspection Days for accuracy - Progress Report Attachment 2 (A1b) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

Reviewed records and they appear to be accurate.

3	Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3 (A1c) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

The states information appears to be accurate when compared with that found in the PHMSA PDM.

4	Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4 (A1d) Yes = 1 No = 0 Needs Improvement = .5	1	0.5
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Evaluator Notes:

The information concerning the 01/06/2013 incident in Play Del Rey was not accurately listed in the states progress report. The showed the wrong operator for the incident.

5	Accuracy verification of Compliance Activities - Progress Report Attachment 5 (A1e) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

Compliance Activity numbers were reviewed, would like CPUC to break out compliance #'s in comments on the next progress report to show MM (MHP), LP, and al other operators to show how many of each were done.

6	Were pipeline program files well-organized and accessible? - Progress Report Attachment 6 (A1f, A4) Yes = 2 No = 0 Needs Improvement = 1	2	0
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Evaluator Notes:

North and South have different methods of record keeping. Inspection notes were not included with inspection files on electronic records viewed for North. South records review made it difficult to analyze. This is a carry over issue from last year and no real improvement shown. Discussed ways of organizing files and expect future improvement.

7	Was employee listing and completed training accurate and complete? - Progress Report Attachment 7 (A1g) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

Reviewed and compared with the records in the TQ, SABA data base and appear accurate. Several inspectors missing one or two courses to be qualified to do inspections, (TIMP & Standard).

8	Verification of Part 192,193,198,199 Rules and Amendments - Progress Report Attachment 8 (A1h) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:



Amendments are automatically adopted as of the effective dates.

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**9** List of Planned Performance - Did state describe accomplishments on Progress Report in detail - Progress Report Attachment 10 (H1-3) 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

No Issues

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**10** General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

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Total points scored for this section: 7.5  
Total possible points for this section: 10

## PART B - Program Inspection Procedures

Points(MAX) Score

<p><b>1</b> Standard Inspections (B1a) Yes = 2 No = 0 Needs Improvement = 1</p>	2	2	
<p>Evaluator Notes: The CPUC inspection procedures are covered in their GO-112E Procedures manual. This item is covered under section II - Scheduling Inspections.</p>			
<p><b>2</b> IMP Inspections (including DIMP) (B1b) Yes = 1 No = 0 Needs Improvement = .5</p>	1	1	
<p>Evaluator Notes: This is covered under section II of their procedures manual.</p>			
<p><b>3</b> OQ Inspections (B1c) Yes = 1 No = 0 Needs Improvement = .5</p>	1	1	
<p>Evaluator Notes: This is included in Section II of their procedures.</p>			
<p><b>4</b> Damage Prevention Inspections (B1d) Yes = 1 No = 0 Needs Improvement = .5</p>	1	1	
<p>Evaluator Notes: This is included in Section II of their procedures manual.</p>			
<p><b>5</b> On-Site Operator Training (B1e) Yes = 1 No = 0 Needs Improvement = .5</p>	1	1	
<p>Evaluator Notes: No Issues</p>			
<p><b>6</b> Construction Inspections (B1f) Yes = 1 No = 0 Needs Improvement = .5</p>	1	0	
<p>Evaluator Notes: This is mentioned in Section II of their procedures manual. No enhancement to the language in this section was made in order to "ensure an adequate amount of construction activities are viewed in each, area which should include all types, including new service line installations", was added as recommended in the last program evaluation.</p>			
<p><b>7</b> Incident/Accident Investigations (B1g) Yes = 2 No = 0 Needs Improvement = 1</p>	2	2	
<p>Evaluator Notes: This is found in the CPUC, "Incident Investigation Procedures Manual".</p>			
<p><b>8</b> Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? (B2a-d, G1,2,4) Yes = 6 No = 0 Needs Improvement = 1-5</p>	6	5	
<p>a. Length of time since last inspection</p>	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Needs Improvement <input type="radio"/>
<p>b. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities)</p>	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Needs Improvement <input type="radio"/>
<p>c. Type of activity being undertaken by operators (i.e. construction)</p>	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Needs Improvement <input type="radio"/>
<p>d. Locations of operators inspection units being inspected - (HCA's, Geographic areas, Population Density, etc)</p>	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Needs Improvement <input type="radio"/>

- e. Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors) Yes  No  Needs Improvement
- f. Are inspection units broken down appropriately? Yes  No  Needs Improvement

Evaluator Notes:

All items are covered in Section II of the Inspection Procedures Manual except for item (f). The inspection areas for the large LDC's still appear to be not broken down adequately enough to allow for a thorough and effective review of the operators safety programs.

**9** General Comments:

Info Only = No Points

Info Only Info Only

Evaluator Notes:

Total points scored for this section: 13  
 Total possible points for this section: 15

## PART C - Program Performance

Points(MAX) Score

- 1** Was ratio of Total Inspection person-days to total person days acceptable? (Director of State Programs may modify with just cause) Chapter 4.3 (A12) 5 5  
 Yes = 5 No = 0  
 A. Total Inspection Person Days (Attachment 2):  
 2074.00  
 B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):  
 220 X 23.46 = 5160.83  
 Ratio: A / B  
 2074.00 / 5160.83 = 0.40  
 If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0  
 Points = 5

**Evaluator Notes:**

The inspection day data is provide by each inspector and summarized - only reviewed summary data and information provided appears acceptable.

- 2** Has each inspector and program manager fulfilled the T Q Training Requirements? (See Guidelines for requirements) Chapter 4.4 (A8-A11, G19) 5 5  
 Yes = 5 No = 0 Needs Improvement = 1-4
- a. Completion of Required OQ Training before conducting inspection as lead? Yes  No  Needs Improvement
- b. Completion of Required DIMP\*/IMP Training before conducting inspection as lead? \*Effective Evaluation CY2013 Yes  No  Needs Improvement
- c. Root Cause Training by at least one inspector/program manager Yes  No  Needs Improvement
- d. Note any outside training completed Yes  No  Needs Improvement

**Evaluator Notes:**

All training fulfilled as required. Transcripts from SABA reviewed, left Appendix C with them to review curriculum to ensure all courses are covered.

- 3** Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 (A5) 2 1  
 Yes = 2 No = 0 Needs Improvement = 1

**Evaluator Notes:**

New and interim program manager - needs improvement

- 4** Did state respond to Chairman's letter on previous evaluation within 60 days and correct or address any noted deficiencies? (If necessary) Chapter 8.1 (A6-7) 2 1  
 Yes = 2 No = 0 Needs Improvement = 1

**Evaluator Notes:**

Deficiencies noted on Item #2 of previous evaluation letter regarding records showed absolutely no improvement.

- 5** Did State hold PHMSA TQ Seminar in Past 3 Years? Chapter 8.5 (A3) 2 2  
 Yes = 2 No = 0

**Evaluator Notes:**

One was held in CY2011 and recommend making sure large operators are also included in these events. Next one scheduled for October 2014.

- 6** Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1 (B3) 5 5  
 Yes = 5 No = 0 Needs Improvement = 1-4

**Evaluator Notes:**

This appears to have taken place, units are being broken down to make sure all geographic areas are covered.. Master meters are on seven year schedule, all others on three year.

7	Did inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Did State complete all applicable portions of inspection forms? Chapter 5.1 (B4-5) Yes = 2 No = 0 Needs Improvement = 1	2	1
<p>Evaluator Notes: This is a continued issue from previous years. All code requirements appear to be covered, but field information was lacking with no inclusion of inspector notes - also South Office had lots if irrelevant information included with inspection packets and handwritten notes that are illegible.</p>			
8	Did the state review operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken? (NTSB) Chapter 5.1 (B7) Yes = 1 No = 0	1	1
<p>Evaluator Notes: covered on checklist</p>			
9	Did the state review operator procedures for surveillance of cast iron pipelines, including appropriate action resulting from tracking circumferential cracking failures, study of leakage history, or other unusual operating maintenance condition? (Note: See GPTC Appendix G-18 for guidance) (NTSB) Chapter 5.1 (B8) Yes = 1 No = 0	1	1
<p>Evaluator Notes: covered on checklist, using fed form</p>			
10	Did the state review operator emergency response procedures for leaks caused by excavation damage near buildings and determine whether the procedures adequately address the possibility of multiple leaks and underground migration of gas into nearby buildings Refer to 4/12/01 letter from PHMSA in response to NTSB recommendation P-00-20 and P-00-21? (NTSB) Chapter 5.1 (B9) Yes = 1 No = 0	1	1
<p>Evaluator Notes: Covered on checklist form</p>			
11	Did the state review operator records of previous accidents and failures including reported third party damage and leak response to ensure appropriate operator response as required by 192.617? Chapter 5.1 (B10,E5) Yes = 1 No = 0	1	1
<p>Evaluator Notes: Covered on federal inspection form which is used under 192.617</p>			
12	Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues? Data Initiative (G6-9,G16) Yes = 2 No = 0 Needs Improvement = 1	2	2
<p>Evaluator Notes: Again, database is used to monitor MHP (MM) and LPG. They have operator provide information on trends at beginning of each unit inspection.</p>			
13	Did state input all applicable OQ, IMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database. Chapter 5.1 (G10-12) Yes = 2 No = 0 Needs Improvement = 1	2	1
<p>Evaluator Notes: While many OQ inspections are uploaded, only one inspection for So. Cal gas is in the Database. So. Cal gas largest distribution company in nation. Need improvement. Also need to analyze what field forms should be uploaded to IMP databases.</p>			

14	Has state confirmed intrastate transmission operators have submitted information into NPMS database along with changes made after original submission? (G14) Yes = 1 No = 0 Needs Improvement = .5	1	1
Evaluator Notes: There doesn't appear to be any issues here			
15	Is the state verifying operators are conducting drug and alcohol tests as required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199 (I1-3) Yes = 2 No = 0 Needs Improvement = 1	2	2
Evaluator Notes: D & A inspection were found in files			
16	Is state verifying operators OQ programs are up to date? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals determined in the operators plan. 49 CFR 192 Part N (I4-7) Yes = 2 No = 0 Needs Improvement = 1	2	2
Evaluator Notes: OQ Plan inspections were found			
17	Is state verifying operator's gas transmission integrity management programs (IMP) are up to date? This should include a previous review of IMP plan, along with monitoring progress on operator tests and remedial actions. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart O (I8-12) Yes = 2 No = 0 Needs Improvement = 1	2	2
Evaluator Notes: State has vigorous plans with regards to state PSEP inspection plans.			
18	Is state verifying operator's gas distribution integrity management Programs (DIMP)? This should include a review of DIMP plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart P DIMP ? First round of program inspections should be complete by December 2014  Yes = 2 No = 0 Needs Improvement = 1	2	2
Evaluator Notes: they appear to be on target here			
19	Is state verifying operators Public Awareness programs are up to date and being followed. State should also verify operators have evaluated Public Awareness programs for effectiveness as described in RP1162. 49 CFR 192.616 (I13-16) PAPEI Effectiveness Inspections should be complete by December 2013  Yes = 2 No = 0 Needs Improvement = 1	2	2
Evaluator Notes: Inspections confirmed			
20	Does the state have a mechanism for communicating with stakeholders - other than state pipeline safety seminar? (This should include making enforcement cases available to public). (G20-21) Yes = 1 No = 0 Needs Improvement = .5	1	1

Evaluator Notes:

Website -

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<b>21</b>	Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3 (B6) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

No issues

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<b>22</b>	Did the State ask Operators to identify any plastic pipe and components that has shown a record of defects/leaks and what those operators are doing to mitigate the safety concerns? (G13) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

Yes, part of checklist. Operators do work with PPDC.

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<b>23</b>	Did the state participate in/respond to surveys or information requests from NAPSR or PHMSA? (H4) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

No issues.

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<b>24</b>	If the State has issued any waivers/special permits for any operator, has the state verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate. Info Only = No Points	Info Only	Info Only
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Evaluator Notes:

Discussed question

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<b>25</b>	General Comments: Info Only = No Points	Info Only	Info Only
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Evaluator Notes:

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Total points scored for this section: 42  
Total possible points for this section: 46

**PART D - Compliance Activities**

**Points(MAX) Score**

- |          |   |                                      |  |
|----------|---|--------------------------------------|--|
| <b>1</b> | Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1 (B12-14, B16, B1h)<br>Yes = 4 No = 0 Needs Improvement = 1-3 | 4                                    | 4  |
| a.       | Procedures to notify an operator (company officer) when a noncompliance is identified   | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b.       | Procedures to routinely review progress of compliance actions to prevent delays or breakdowns   | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:  
These are outlined in procedures manual

- |          |  |                                      |   |
|----------|--|--------------------------------------|---|
| <b>2</b> | Did the state follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1 (B11,B18,B19)<br>Yes = 4 No = 0 Needs Improvement = 1-3 | 4                                    | 2   |
| a.       | Were compliance actions sent to company officer or manager/board member if municipal/government system?  | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/>            |
| b.       | Were probable violations documented?   | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/>            |
| c.       | Were probable violations resolved?   | Yes <input type="radio"/>            | No <input checked="" type="radio"/> Needs Improvement <input type="radio"/> |
| d.       | Was the progress of probable violations routinely reviewed?  | Yes <input type="radio"/>            | No <input checked="" type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:  
While progress is being made, during this reporting period it has taken several months to get compliance letters out. Follow-up and initiation processes need to be improved.

- |          |  |   |   |
|----------|--|---|---|
| <b>3</b> | Did the state issue compliance actions for all probable violations discovered? (B15)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 1 |
|----------|--|---|---|

Evaluator Notes:  
It appears compliance actions are being written down, but due to lack of reasonable time frames of issuing compliance matters a one point deduction is being made and further improvement is needed.

- |          |  |   |   |
|----------|--|---|---|
| <b>4</b> | Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary. (B17, B20)<br>Yes = 2 No = 0 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:  
No issues with due process

- |          |   |   |   |
|----------|---|---|---|
| <b>5</b> | Is the program manager familiar with state process for imposing civil penalties? Were civil penalties considered for repeat violations (with severity consideration) or violations resulting in incidents/accidents? (describe any actions taken) (B27)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:  
Yes, CPUC is very familiar with process and penalties are being considered in a myriad of issues primarily relating to San Bruno incident. This question is satisfied.

- |          |   |   |   |
|----------|---|---|---|
| <b>6</b> | Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations?<br>Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:  
Yes, see previous

- |          |  |           |           |
|----------|--|-----------|-----------|
| <b>7</b> | General Comments:<br>Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:



Overall improvement needed in closing compliance loop and moving issues found through system. Discussed handling of compliance matters that are brought forth by company self-reporting mechanism. Those should be reviewed for applicability.

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Total points scored for this section: 12  
Total possible points for this section: 15

## PART E - Incident Investigations

Points(MAX) Score

- 1 Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? And did state keep adequate records of Incident/Accident notifications received? Chapter 6 (A2,D1-3) 2 2  
Yes = 2 No = 0 Needs Improvement = 1
- a. Acknowledgement of MOU between NTSB and PHMSA (Appendix D) Yes  No  Needs Improvement
- b. Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) Yes  No  Needs Improvement

Evaluator Notes:

There were no issues with this question

- 2 If onsite investigation was not made, did state obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 (D4) 1 1  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

all incidents reviewed appear to have been adequately addressed and necessary information obtained.

- 3 Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? (D5) 3 0  
Yes = 3 No = 0 Needs Improvement = 1-2
- a. Observations and document review Yes  No  Needs Improvement
- b. Contributing Factors Yes  No  Needs Improvement
- c. Recommendations to prevent recurrences when appropriate Yes  No  Needs Improvement

Evaluator Notes:

A review of incident records found a need for improvement in the overall process and documentation of incidents from the initial report through the investigation, enforcement actions and finally the closure of the incident with the operator.

SoCal Gas, 6141 Gulana, Playa Del Rey 1-6-13, Gas released from a relief valve ignited at the relief valve vent. Incident was listed on Progress Report as the operator being PG&E, and with only documentation of the initial report in the states files. Additional data and follow up needed to find out what actions have been taken by the commission and the operator.

PG&E, Line 300B, MP 256.64, Arvin - 6-30-13 A relief valve drifted over time, which caused the relief valve to open sooner than the original; set point. No reports were filed in the data base. Additional data and follow up needed to find out what actions have been taken by the commission and the operator.

PG&E, 2488 Highway 33, Firebaugh 8-29-13 A third party struck an exposed transmission line while performing weed control within the highway right of way. Documents in the states data base indicated an investigation had been completed and violations by the operator discovered. Report written on 2/26/2014 (6 months). No enforcement action taken as of evaluation on 9/11/2014. Sooner follow up needed on written report and enforcement.

SoCal Gas, 13646 Live Oak Lane, 10-23-13 Excavation contractor struck 16 - inch high pressure gas service line. Documents in the states data base indicated an investigation had been completed and violations by the operator discovered. Report written on 3/12/2014. No enforcement action taken as of evaluation on 9/11/2014. Sooner follow up needed on violations found and enforcement.

PG&E, 62910 Cattleman Road, San Ardo 11-23-13 A farmer struck a 6 inch transmission line while plowing field causing a release of gas. Only initial report found in states data base. Additional data and follow up needed to find out what actions have been taken by the commission and the operator.

- 4 Did the state initiate compliance action for violations found during any incident/accident investigation? (D6) 1 0  
Yes = 1 No = 0

Evaluator Notes:

Due to lack of closure on most incidents, no points given at this time.

---

<b>5</b>	Did the state assist region office by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents/accidents and investigate discrepancies) Chapter 6 (D7) Yes = 1 No = 0 Needs Improvement = .5	1	1
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Evaluator Notes:

Per conversation with Pete Katchmar, they appear to be assisting appropriately.

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<b>6</b>	Does state share lessons learned from incidents/accidents? (sharing information, such as: at NAPS Region meetings, state seminars, etc) (G15) Yes = 1 No = 0	1	1
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Evaluator Notes:

No issues

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<b>7</b>	General Comments: Info Only = No Points	Info Only	Info Only
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Evaluator Notes:

From review of records it appears a large portion of incidents are caused by excavation damage. California needs improvement on its enforcement

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Total points scored for this section: 5  
Total possible points for this section: 9

## PART F - Damage Prevention

Points(MAX) Score

- 
- |   |   |   |   |
|---|---|---|---|
| 1 | Has the state reviewed directional drilling/boring procedures of each pipeline operator or its contractor to determine if they include actions to protect their facilities from the dangers posed by drilling and other trench less technologies? NTSB (E1)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

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- |   |  |   |   |
|---|--|---|---|
| 2 | Did the state inspector check to assure the pipeline operator is following its written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system? (E2)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

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- |   |   |   |   |
|---|---|---|---|
| 3 | Did the state encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (i.e. such as promoting/adopting the CGA Best Practices encouraging adoption of the 9 Elements, etc.) (E3)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

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- |   |  |   |   |
|---|--|---|---|
| 4 | Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests? (This can include DIRT and other data shared and reviewed by the pipeline safety program) (E4,G5)<br>Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

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- |   |  |           |           |
|---|--|-----------|-----------|
| 5 | General Comments:<br>Info Only = No Points | Info Only | Info Only |
|---|--|-----------|-----------|

Evaluator Notes:

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Total points scored for this section: 8  
Total possible points for this section: 8

# PART G - Field Inspections

Points(MAX) Score

**1** Operator, Inspector, Location, Date and PHMSA Representative Info Only Info Only

Info Only = No Points

Name of Operator Inspected:

PGE - San Francisco, San Diego Gas and Electric - Miramar

Name of State Inspector(s) Observed:

PGE North - Paul Penney lead, SDGE South - Michelle Wong

Location of Inspection:

PGE North - San Francisco Division, SDGE South - Miramar, CA

Date of Inspection:

August 11-14, 2014 and September 22-24, 2014

Name of PHMSA Representative:

Michael Thompson - North, Rex Evans - Both inspections

Evaluator Notes:

**2** Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (F2) 1 1

Yes = 1 No = 0

Evaluator Notes:

Operator was present

**3** Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) (F3) 2 1

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Improvement needed in documenting inspection results and in particular field activities.

**4** Did the inspector thoroughly document results of the inspection? (F4) 2 1

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Need improvement in the documentation of field results. Lots of field notes are taken but not necessarily transcribed onto reports.

**5** Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Maps, pyrometer, soap spray, CGI, etc.) (F5) 1 1

Yes = 1 No = 0

Evaluator Notes:

SDGE - inspector made sure procedure was available - visited limited locations

**6** Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) (F7) 2 1

Yes = 2 No = 0 Needs Improvement = 1

- a. Procedures
- b. Records
- c. Field Activities
- d. Other (please comment)

Evaluator Notes:

Improvement is needed in analyzing the quantity of field inspection activities being conducted during the operator review. PGE and SDGE (SoCal) are part of two largest utilities in United States. The limited view of distribution field activities needs to be assessed and reviewed. Also need to see what records are necessary to review all portions of questions on audit.

7 Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) (F8) 2 2  
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Adequate knowledge of regulations was sufficient.

8 Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) (F9) 1 1  
 Yes = 1 No = 0

Evaluator Notes:

A daily review was done during PGE audit. No issues. During SDGE audit the timing did not allow for a review, but no issues.

9 During the exit interview, did the inspector identify probable violations found during the inspections? (if applicable) (F10) 1 NA  
 Yes = 1 No = 0

Evaluator Notes:

Only partial audits were viewed due to size and time.

10 General Comments: What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) Other. Info Only Info Only  
 Info Only = No Points

- a. Abandonment
- b. Abnormal Operations
- c. Break-Out Tanks
- d. Compressor or Pump Stations
- e. Change in Class Location
- f. Casings
- g. Cathodic Protection
- h. Cast-iron Replacement
- i. Damage Prevention
- j. Deactivation
- k. Emergency Procedures
- l. Inspection of Right-of-Way
- m. Line Markers
- n. Liaison with Public Officials
- o. Leak Surveys
- p. MOP
- q. MAOP
- r. Moving Pipe
- s. New Construction
- t. Navigable Waterway Crossings
- u. Odorization
- v. Overpressure Safety Devices
- w. Plastic Pipe Installation
- x. Public Education
- y. Purging
- z. Prevention of Accidental Ignition
- A. Repairs
- B. Signs
- C. Tapping
- D. Valve Maintenance

- E. Vault Maintenance
- F. Welding
- G. OQ - Operator Qualification
- H. Compliance Follow-up
- I. Atmospheric Corrosion
- J. Other

Evaluator Notes:

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Total points scored for this section: 8  
Total possible points for this section: 11

**PART H - Interstate Agent State (If Applicable)****Points(MAX) Score**


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**1** Did the state use the current federal inspection form(s)? (C1) 1 NA  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

N/A

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**2** Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"? (C2) 1 NA  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**3** Did the state submit documentation of the inspections within 60 days as stated in its latest Interstate Agent Agreement form? (C3) 1 NA  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**4** Were probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (C4) 1 NA  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**5** Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (C5) 1 NA  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**6** Did the state give written notice to PHMSA within 60 days of all probable violations found? (C6) 1 NA  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**7** Did the state initially submit documentation to support compliance action by PHMSA on probable violations? (C7) 1 NA  
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**8** General Comments: Info Only Info Only  
 Info Only = No Points

Evaluator Notes:

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Total points scored for this section: 0  
 Total possible points for this section: 0



**PART I - 60106 Agreement State (If Applicable)**

**Points(MAX) Score**

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**1** Did the state use the current federal inspection form(s)? (B21) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**2** Are results documented demonstrating inspection units were reviewed in accordance with state inspection plan? (B22) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**3** Were any probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (B23) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**4** Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (B24) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**5** Did the state give written notice to PHMSA within 60 days of all probable violations found? (B25) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**6** Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations? (B26) 1 NA  
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

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**7** General Comments: Info Only Info Only  
Info Only = No Points

Evaluator Notes:

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Total points scored for this section: 0  
Total possible points for this section: 0