



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

1200 New Jersey Avenue SE
Washington DC 20590

2010 Natural Gas State Program Evaluation

for

CALIFORNIA PUBLIC UTILITIES COMMISSION

Document Legend

PART:

- O -- Representative Date and Title Information
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2010 Natural Gas State Program Evaluation -- CY 2010
Natural Gas

State Agency: California

Agency Status:

Date of Visit: 09/19/2011 - 09/23/2011

Agency Representative: Julie Halligan, Deputy Director
Raffy Stepanian, Program Manager
Michael Robertson, Supervisor
Dennis Lee, Senior Utilities Engineer

Rating:

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

PHMSA Representative: Glynn Blanton, US DOT/PHMSA State Programs
Don Martin, US DOT/PHMSA State Programs

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 2010 (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 certification/agreement attachments provide the basis for determining the state's pipeline safety grant allocation.

Field Inspection (PART F):

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 F, the PHMSA representative should include a written summary which thoroughly documents the inspection.

Scoring Summary

PARTS

Possible Points Points Scored

A General Program Qualifications
B Inspections and Compliance - Procedures/Records/Performance
C Interstate Agent States
D Incident Investigations
E Damage Prevention Initiatives
F Field Inspection
G PHMSA Initiatives - Strategic Plan
H Miscellaneous
I Program Initiatives

26
25
0
7
9
12
10
3
9

15
24.5
0
7
9
12
10
3
9

TOTALS

101 89.5

State Rating

88.6

PART A - General Program Qualifications

Points(MAX) Score

- | | | | |
|----------|--|-------------------------------------|---|
| 1 | Did the state submit complete and accurate information on the attachments to its most current 60105(a) Certification/60106 (a) Agreement? (NOTE: PHMSA Representative to verify certification/agreement attachments by reviewing appropriate state documentation. Score a deficiency in any one area as "needs improvement". Attachment numbers appear in parenthesis) Previous Question A.1, Items a-h worth 1 point each
Yes = 8 No = 0 Needs Minor Improvement = 3-7 Needs Major Improvement = 2 | 8 | 6 |
| <hr/> | | | |
| a. | State Jurisdiction and agent status over gas facilities (1) | <input checked="" type="checkbox"/> | |
| b. | Total state inspection activity (2) | <input checked="" type="checkbox"/> | |
| c. | Gas facilities subject to state safety jurisdiction (3) | <input type="checkbox"/> | |
| d. | Gas pipeline incidents (4) | <input checked="" type="checkbox"/> | |
| e. | State compliance actions (5) | <input checked="" type="checkbox"/> | |
| f. | State record maintenance and reporting (6) | <input checked="" type="checkbox"/> | |
| g. | State employees directly involved in the gas pipeline safety program (7) | <input type="checkbox"/> | |
| h. | State compliance with Federal requirements (8) | <input checked="" type="checkbox"/> | |

SLR Notes:

Attachment 1, Stats on Operators; the number of inspection units indicates 15 intrastate transmission and does not match the total number in attachment 3, Inspection Units for Operators. Therefore, this is an error in entry of data into FedStar and a loss of one point is charged for section c.

Attachment 7, Staffing and TQ Training; information was recorded incorrectly pertaining to the successful completion of one Engineer in meeting the training requirements. Therefore, a loss of one point was charged in section g.

We note the maximum penalties amount in section h is not the same as US DOT PHMSA. Additionally, the civil penalty amounts are different for gas and LPG operators. CA PUC may fine up to any level if it deems appropriate starting at \$500/day up to \$20,000/day per violation. Each day the violation continues is considerate a separate and distinct violation. Master-meter and propane operators can be fined \$1,000/day for each day a violation continues, but not to exceed \$200,000 for a single violation or related series of violations.

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|----------|---|---|---|
| 2 | Did the state have an adequate mechanism to receive operator reporting of incidents to ensure state compliance with 60105(a) Certification/60106(a) Agreement requirements (fatality, injury requiring hospitalization, property damage exceeding \$50,000 - Mechanism should include receiving "after hours" reports)? (Chapter 6) Previous Question A.2
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

Yes. This is addressed in the Utilities Safety and Reliability Branch (USRB) Incident Investigation Procedure Manual on pages 4 & 5.

- | | | | |
|----------|---|---|---|
| 3 | Has the state held a pipeline safety TQ seminar(s) in the last 3 years? (NOTE: Indicate date of last seminar or if state requested seminar, but T&Q could not provide, indicate date of state request for seminar. Seminars must be held at least once every 3 calendar years.) (Chapter 8.5) Previous Question A.4
Yes = 2 No = 0 | 2 | 2 |
|----------|---|---|---|

SLR Notes:

Last seminar held in calendar year 2009.

- | | | | |
|----------|--|---|---|
| 4 | Were pipeline safety program files well-organized and accessible?(NOTE: This also includes electronic files) (Chapter 5) Previous Question A.5
Yes = 1 No = 0 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes, a review of pipeline safety data base programs and files indicated all information was well-organized and accessible. A random number of electronic inspection reports were reviewed by this writer. Information in the documents was found to be complete and accurate with items observed by the engineer during the inspection visits.

- | | | | |
|----------|---|---|---|
| 5 | Did state records and discussions with the state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? (Chapter 4.1, Chapter 8.1) Previous Question A.6
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

SLR Notes:

Yes, Raffy Stepanian has an excellent knowledge and understanding in meeting the federal guidelines for states participating in the pipeline safety program and submittal of the pipeline safety certification, grant application and year-end payment requests.

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|----------|---|---|---|
| 6 | Did the state respond in writing within 60 days to the requested items in the Chairman's letter following the Region's last program evaluation? (No response is necessary if no items are requested in letter and mark "Yes") (Chapter 8.1) Previous Question A.8 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

Yes, Chairman Peevey response was received on February 25, 2011 to Zach Barrett, Director PHMSA State Programs.

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|----------|--|---|---|
| 7 | What actions, if necessary, did the State initiate as a result of issues raised in the Chairperson's letter from the previous year? Did actions correct or address deficiencies from previous year's evaluation? (No response is necessary if no items are requested in letter and mark "Yes") (Chapter 8.1) Previous Question A.8/A.9 | 1 | 1 |
|----------|--|---|---|
- Yes = 1 No = 0

SLR Notes:

Action was taken by the CPUC to address the deficiencies noted in the state evaluation. In Chairman Peevey's letter he stated, "CPUC continues to work toward achieving complete oversight over all intrastate operators as it did when it established its Mobile home Park and Propane Gas Safety Programs." "The CPUC shares your concern and as such has hired an additional four Utilities Engineers for its Program. Currently, the CPUC has 13 inspector positions dedicated to its Program." The CPUC is in the process of revising its General Order 112-E, Rules Governing Design, Construction, Testing, Operation and Maintenance of Gas Gathering, Transmission and Distribution Piping Systems. As part of the revision, the CPUC is exploring establishing an expedited enforcement process for issuing penalties to gas pipeline operators."

Personnel and Qualifications

- | | | | |
|----------|--|---|---|
| 8 | Has each inspector fulfilled the 3 year TQ training requirement? If No, has the state been granted a waiver regarding TQ courses by the Associate Administrator for Pipeline Safety? (NOTE: If the State has new inspectors who have not attended all TQ courses, but are in a program which will achieve the completion of all applicable courses within 3 years of taking first course (5 years to successfully complete), or if a waiver has been granted by the applicable Region Director for the state, please answer yes.) (Chapter 4.4) Previous Question A.10 | 3 | 0 |
|----------|--|---|---|
- Yes = 3 No = 0

SLR Notes:

No. A review CA PUC individual transcripts on T&Q training requirements found one engineer has not fulfilled the 3 year training requirements. Therefore, no points were awarded for this question.

- | | | | |
|----------|--|-----------|-----------|
| 9 | Brief Description of Non-TQ training Activities: | Info Only | Info Only |
|----------|--|-----------|-----------|
- Info Only = No Points
- For State Personnel:
- For Operators:
- For Non-Operator Entities/Parties, Information Dissemination, Public Meetings:

SLR Notes:

Due to the on-going San Bruno investigation by CA PUC staff members, they were unable to attend non-T&Q training activities in calendar year 2010.

- | | | | |
|-----------|---|---|---|
| 10 | Did the lead inspectors complete all required T&Q OQ courses and Computer Based Training (CBT) before conducting OQ Inspections? (Chapter 4.4.1) Previous Question A.12 | 1 | 1 |
|-----------|---|---|---|
- Yes = 1 No = 0

SLR Notes:

Yes, all engineers have completed the OQ training requirements before performing an inspection on a natural gas operator. This information was verified and checked in the T&Q database.

- | | | | |
|-----------|--|---|---|
| 11 | Did the lead inspectors complete all required TQ Integrity Management (IMP) Courses/Seminars and CBT before conducting IMP Inspections? (Chapter 4.4.1) Previous Question A.13 | 1 | 0 |
|-----------|--|---|---|
- Yes = 1 No = 0

SLR Notes:

No, a review of TQ data base indicated all engineers have not completed the required courses. Several individuals have not completed the WBT course, PL31C. Therefore, a loss of one point is charged for failure to complete within the required time schedule.

- | | | | |
|-----------|---|---|---|
| 12 | Was the ratio acceptable of Total inspection Person-days to Total Person-days charged to the program by state inspectors? (Region Director may modify points for just cause) (Chapter 4.3) Previous Question B.12 | 5 | 0 |
|-----------|---|---|---|
- Yes = 5 No = 0
- A. Total Inspection Person Days (Attachment 2):
736.00
- B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 9.47 = 2084.50

Ratio: A / B

$736.00 / 2084.50 = 0.35$

If Ratio ≥ 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0

Points = 0

SLR Notes:

A= Total Inspection Person Days (Attachment 2) = 736 B= Total Inspection Person Days Charged to the program (220*Number of Inspection person years (Attachment 7 shows 9.47) =2084.499

Formula: Ratio = A/B = $736/2084.49 = 0.35$

Rule: (If Ratio ≥ 0.38 then points = 5 else Points = 0.) The resulting ratio is 0.35 which does not meet the minimum ratio of 0.38, thus no points are awarded.

13 Have there been modifications or proposed changes to inspector-staffing levels? (If yes, describe) Previous Info Only Info Only
Question B.13

Info Only = No Points

SLR Notes:

Yes, three engineers were hired in 2010. The agency anticipates hiring four additional engineers by the end of calendar year 2011.

14 Part-A General Comments/Regional Observations Info Only Info Only

Info Only = No Points

SLR Notes:

Loss of points occurred in questions A.1, A.8, A.11, and A.12. See each question for justification of point deductions. Total point loss in section A is 11.

Total points scored for this section: 15

Total possible points for this section: 26



PART B - Inspections and Compliance - Procedures/Records/ Performance

Points(MAX) Score

Inspection Procedures

- 1** Does the State have a written inspection plan to complete the following? (all types of operators including LNG) (Chapter 5.1) Previous Question B.1 + Chapter 5 Changes + Incorporate LNG 6.5 6.5
Yes = 6.5 No = 0 Needs Improvement = 50% Deduction
- | | | | | |
|---|---|--------------------------------------|--------------------------|---|
| a | Standard Inspections (Including LNG) (Max points = 2) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b | IMP Inspections (Including DIMP) (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c | OQ Inspections (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d | Damage Prevention (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| e | On-Site Operator Training (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| f | Construction Inspections (Max points = .5) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| g | Incident/Accident Investigations (Max points = 1) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| h | Compliance Follow-up (Max points = 1) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

SLR Notes:

Yes, Item a; California Public Utilities Commission Gas Pipeline Safety Program General Order 112-E Gas safety audit and compliance inspections (GO112-E Procedures Manual), Section II a & b & III pages 5- 7. Item b; GO112-E Procedures Manual) Section 2-a, page 5. Item c; Section 2-A, page 5. Item d; Section II & III pages 5-7. Item e; this is performed during the standard inspection, pages 5-7. Item f; Section 2-a, page 5. Item g; CA PUC Incident Investigation Procedure Manual covers all these areas. Item h; Section 5, page 13.

- 2** Did the written Procedures for selecting operators adequately address key concerns? (Chapter 5.1) Previous Question B.2, items a-d are worth .5 point each 2 2
Yes = 2 No = 0 Needs Improvement = 50% Deduction
- | | | | | |
|---|--|--------------------------------------|--------------------------|---|
| a | Length of time since last inspection | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b | History of Operator/unit and/or location (including leakage , incident and compliance history) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c | Type of activity being undertaken by operator (construction etc) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d | For large operators, rotation of locations inspected | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

SLR Notes:

Yes, this information is contained in CA PUC GO112-E Procedures Manual , scheduling inspections, page 5 and Mobile Home Procedures Manual, section 2, page 4-6.

Inspection Performance

- 3** Did the state inspect all types of operators and inspection units in accordance with time intervals established in its written procedures? (Chapter 5.1) Previous Question B.3 2 2
Yes = 2 No = 0

SLR Notes:

Yes, all systems were inspected in accordance with the CA PUC inspection requirements and their guidelines as established by the program manager.

- 4** Did the state inspection form cover all applicable code requirements addressed on the Federal Inspection forms? (Chapter 5.1 (3)) Previous Question B.4 1 1
Yes = 1 No = 0

SLR Notes:

Yes, CA PUC uses the federal forms for all of their inspection performed by staff members.

- 5** Did state complete all applicable portions of inspection forms? (Chapter 5.1 (3)) Previous Question B.5 1 1
Yes = 1 No = 0

SLR Notes:

Yes, a review of all inspection forms performed by Don Martin, PHMSA State Program in the Los Angeles office indicated all forms were completed in a timely manner.

- 6** Did the state initiate appropriate follow-up actions to Safety Related Condition Reports? (Chapter 6.3) Previous Question B.6 .5 .5
Yes = .5 No = 0

SLR Notes:

Yes, two safety related conditions reports were reported and CA PUC performed the follow-up action.

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|----------|---|--------------------------------|----|
| 7 | 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) Previous Question B.7 | .5 | .5 |
| | | <small>Yes = .5 No = 0</small> | |

SLR Notes:

Yes, PG&E is the only operator that has cast iron pipe in the State of California. The total number of miles in the state is sixty-three. CA PUC staff continue to review PG&E company's procedures during their O&M audits.

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|----------|--|--------------------------------|----|
| 8 | 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) Previous Question B.8 | .5 | .5 |
| | | <small>Yes = .5 No = 0</small> | |

SLR Notes:

Yes, this is accomplished during the Operations, Maintenance and Emergency Response (OM&E) audit. The O&M audit is performed annually and only for larger natural gas operators.

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|----------|---|--------------------------------|----|
| 9 | 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) Previous Question B.9 | .5 | .5 |
| | | <small>Yes = .5 No = 0</small> | |

SLR Notes:

Yes, this is reviewed and performed during the staff's Operations, Maintenance and Emergency Response (OM&E) audit.

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|-----------|--|-------------------------------|---|
| 10 | 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? (NTSB) Previous Question B.10 | 1 | 1 |
| | | <small>Yes = 1 No = 0</small> | |

SLR Notes:

Yes. All California natural gas operators are required to report damages that occur on their systems to the CA PUC. This is accomplished by a dollar amount and a quarterly reporting requirement. This reporting is above the current incident reporting requirements under the pipeline safety regulations. See CA PUC General Order 112-E, Subpart B, Section 122, "Gas Incident Reports".

Compliance - 60105(a) States

- | | | | |
|-----------|---|--|---|
| 11 | Did the state adequately document sufficient information on probable violations? (Chapter 5.2) Previous Question B.14 | 1 | 1 |
| | | <small>Yes = 1 No = 0 Needs Improvement = .5</small> | |

SLR Notes:

Yes, a random selection of the 2010 inspection reports and violations issued indicated the State agency was adequately documenting all information. They use the PHMSA inspection forms.

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|-----------|---|--|---|
| 12 | Does the state have written procedures to identify the steps to be taken from the discovery to the resolution of a probable violation as specified in the "Guidelines for State Participating in the Pipeline Safety Program"? (Chapter 5.1) Previous Question D(1).1 | 1 | 1 |
| | | <small>Yes = 1 No = 0 Needs Improvement = .5</small> | |

SLR Notes:

Yes, California Public Utilities Commission Gas Pipeline Safety Program General Order 112-E Gas safety audit and compliance inspections (GO112-E Procedures Manual), Section 4, page 12.

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|-----------|---|--|---|
| 13 | Does the state have written procedures to notify an operator when a noncompliance is identified as specified in the "Guidelines for States Participating in the Pipeline Safety Program"? (Chapter 5.1(4)) Previous Question D(1).2 | 1 | 1 |
| | | <small>Yes = 1 No = 0 Needs Improvement = .5</small> | |

SLR Notes:

Yes, California Public Utilities Commission Gas Pipeline Safety Program General Order 112-E Gas safety audit and compliance inspections (GO112-E Procedures Manual), Section 4, page 12

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|-----------|---|--|---|
| 14 | Does the state have a written procedure for routinely reviewing the progress of compliance actions to prevent delays or breakdowns of the enforcement process, as required by the "Guidelines for States Participating in the Pipeline Safety Program"? (Chapter 5.1(5)) Previous Question D(1).3 | 1 | 1 |
| | | <small>Yes = 1 No = 0 Needs Improvement = .5</small> | |

SLR Notes:

Yes, California Public Utilities Commission Gas Pipeline Safety Program General Order 112-E Gas safety audit and compliance inspections (GO112-E Procedures Manual), Section 4 C, page 13. The CA PUC data base also provides an opportunity to review the progress being made by the operators in correcting violations cited.

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| 15 | Has the State issued compliance actions for all probable violations discovered? (Note : PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation) Previous Question D(1).4
Yes = 1 No = 0 | 1 | 1 |
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SLR Notes:

Yes, California Public Utilities Commission Gas Pipeline Safety Program General Order 112-E Gas safety audit and compliance inspections (GO112-E Procedures Manual), Section 4, page 12.

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|-----------|--|---|---|
| 16 | Did the state follow its written procedures for reviewing compliance actions and follow-up to determine that prompt corrective actions were taken by operators, within the time frames established by the procedures and compliance correspondence, as required by the "Guidelines for States Participating in the Pipeline Safety Program"? Previous Question D(1).5
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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SLR Notes:

Yes, California Public Utilities Commission Gas Pipeline Safety Program General Order 112-E Gas safety audit and compliance inspections (GO112-E Procedures Manual), Section 4 C, page 13.

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|-----------|---|---|---|
| 17 | If compliance could not be established by other means, did state pipeline safety program staff request formal action, such as a "Show Cause Hearing" to correct pipeline safety violations? (check each states enforcement procedures) Previous Question D(1).6
No = 0 Yes = 1 | 1 | 1 |
|-----------|---|---|---|

SLR Notes:

Yes, California Public Utilities Commission Gas Pipeline Safety Program General Order 112-E Gas safety audit and compliance inspections (GO112-E Procedures Manual), Section 5, page 13 and 14.

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|-----------|--|---|---|
| 18 | Did the state adequately document the resolution of probable violations? (Chapter 5.1 (6)) Previous Question D(1).7
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|--|---|---|

SLR Notes:

Yes, a review in the electronic database indicated all probable violations are issued and tracked for compliance until the violations have been corrected. CA PUC allows the operators thirty days to correct the violation.

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|-----------|--|----|---|
| 19 | Were compliance actions sent to a company officer? (manager or board member if municipal/government system) (Chapter 5.1(4)) Previous Question D(1).8
Yes = .5 No = 0 | .5 | 0 |
|-----------|--|----|---|

SLR Notes:

No, a review of the electronic database and file folders for calendar year 2010 indicated the compliance letters were not sent to the company officer. Letters were mailed to the Director of Engineering or Administrator of Compliance which are not an official officer of the company. Therefore, a loss of 0.5 point is assessed..

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|-----------|---|---|---|
| 20 | Did the compliance proceedings give reasonable due process to all parties? (check each states enforcement procedures) Previous Question D(1).9
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|---|---|---|

SLR Notes:

Yes, GO112-E Procedures Manual, Section 4C, page 13 addresses this item.

Compliance - 60106(a) States

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|-----------|---|---|----|
| 21 | Did the state use the current federal inspection form(s)? Previous Question D(2).1
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|-----------|---|---|----|

SLR Notes:

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|-----------|--|---|----|
| 22 | Are results adequately documented demonstrating inspection units were reviewed in accordance with state inspection plan? Previous Question D(2).2
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|-----------|--|---|----|

SLR Notes:

23	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.) Previous Question D(2).3 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

24	Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? Previous Question D(2).4 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

25	Did the state give written notice to PHMSA within 60 days of all probable violations found? Previous Question D(2).5 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

26	Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations? Previous Question D(2).6 Yes = 1 No = 0 Needs Improvement = .5	1	NA
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SLR Notes:

27	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) Info Only = No Points	Info Only	Info Only
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SLR Notes:

Yes, the program manager is familiar with this process and has considered using civil penalty for repeat violations by the operator.

28	Part B: General Comments/Regional Observations Info Only = No Points	Info Only	Info Only
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SLR Notes:

Loss of 0.5 points occurred in question B.19. See question and comment section for justification and reason for reduction. Total point loss in section B is 0.5 points.

Total points scored for this section: 24.5
Total possible points for this section: 25

PART C - Interstate Agent States

Points(MAX) Score

- | | | | |
|---|---|---|----|
| 1 | Did the state use the current federal inspection form(s)? Previous Question D(3).1
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|---|---|---|----|

SLR Notes:

- | | | | |
|---|--|---|----|
| 2 | Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"? Previous Question D(3).2
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|---|--|---|----|

SLR Notes:

- | | | | |
|---|--|---|----|
| 3 | Did the state submit documentation of the inspections within 60 days as stated in its latest Interstate Agent Agreement form? Previous Question D(3).3
Yes = 1 No = 0 | 1 | NA |
|---|--|---|----|

SLR Notes:

- | | | | |
|---|---|---|----|
| 4 | 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.) Previous Question D(3).4
Yes = 1 No = 0 | 1 | NA |
|---|---|---|----|

SLR Notes:

- | | | | |
|---|--|---|----|
| 5 | Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? Previous Question D(3).5
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|---|--|---|----|

SLR Notes:

- | | | | |
|---|--|---|----|
| 6 | Did the state give written notice to PHMSA within 60 days of all probable violations found? Previous Question D(3).6
Yes = 1 No = 0 | 1 | NA |
|---|--|---|----|

SLR Notes:

- | | | | |
|---|--|---|----|
| 7 | Did the state initially submit documentation to support compliance action by PHMSA on probable violations? Previous Question D(3).7
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|---|--|---|----|

SLR Notes:

- | | | | |
|---|---|-----------|-----------|
| 8 | Part C: General Comments/Regional Observations
Info Only = No Points | Info Only | Info Only |
|---|---|-----------|-----------|

SLR Notes:

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

PART D - Incident Investigations

Points(MAX) Score

- | | | | |
|----------|--|---|---|
| 1 | Are state personnel following the procedures for Federal/State cooperation in case of an incident? (See Appendix in "Guidelines for States Participating in the Pipeline Safety Program") (Chapter 6.1) Previous Question E.1
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes. All procedures have been followed for Federal/State cooperation during all reportable incidents during calendar year 2010. This was confirmed by PHMSA Western Region Office.

- | | | | |
|----------|---|----|----|
| 2 | Are state personnel familiar with the jurisdictional authority and Memorandum of Understanding between NTSB and PHMSA? (See Appendix in "Guidelines for States Participating in the Pipeline Safety Program") (Chapter 6 ? Appendix D) Previous Question E.2
Yes = .5 No = 0 | .5 | .5 |
|----------|---|----|----|

SLR Notes:

Yes, they are familiar with the memorandum of understanding and item described in the Guidelines for States Participating in the Pipeline Safety Program.

- | | | | |
|----------|--|---|---|
| 3 | Did the state keep adequate records of incident notifications received? Previous Question E.3
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes, CA PUC keeps telephonic incident reports in an electronic data base program located on the commission's computer system. All incident reports submitted in attachment 4 of the 2011 Certification document was checked and verified as complete and accurate.

- | | | | |
|----------|--|---|---|
| 4 | If an onsite investigation of an incident was not made, did the state obtain sufficient information by other means to determine the facts and support the decision not to go on-site? Previous Question E.4
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes, all incidents reported by the operators are investigated. Information about the investigation is maintained in the CA PUC incident database.

- | | | | |
|----------|---|--------------------------------------|--|
| 5 | Were investigations thorough and conclusions and recommendations documented in an acceptable manner? Previous Question E.5, comprehensive question worth 2 points total
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
| a. | Observations and Document Review | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Contributing Factors | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| c. | Recommendations to prevent recurrences where appropriate | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

SLR Notes:

Yes, a review of three incident reports in 2010; 790 Linda Vista Road, Riverside & Kirby Intersection and 9586 San Benito Avenue completed by CA PUC staff indicated the investigations were thorough and conclusions were made in an acceptable manner.

- | | | | |
|----------|---|---|---|
| 6 | Did the state initiate enforcement action for violations found during any incident investigation(s)? Previous Question E.6 Variation
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

Yes, a review of the incident reports and letters indicated adequate enforcement action was considered and taken when a violation was cited by CA PUC.

- | | | | |
|----------|--|----|-----|
| 7 | 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 annual report data from operators concerning incidents/accidents and investigate discrepancies) (Chapter 6) Previous Question E.7/E.8
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

Yes. California Public Utilities Commission has responded to the PHMSA Western Region within one to two days of an accident or information pertaining to incident reports or other follow-up information requested. This was noted during the San Bruno, CA incident.

- | | | | |
|----------|---|-----------|-----------|
| 8 | Part D: General Comments/Regional Observations
Info Only = No Points | Info Only | Info Only |
|----------|---|-----------|-----------|

SLR Notes:

No loss of points occurred in Section D.

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



PART E - Damage Prevention Initiatives

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? Previous Question B.11
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

SLR Notes:

Yes, this is checked during the Operations, Maintenance and Emergency Plan inspections. The CA PUC using PHMSA forms 1 & 2, Standard Inspection Plan of Gas Distribution and Gas Transmission Pipeline, check this item under section entitled Damage Prevention Program Procedures.

- | | | | |
|----------|--|---|---|
| 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? New 2008
Yes = 2 No = 0 | 2 | 2 |
|----------|--|---|---|

SLR Notes:

Yes, this is checked during the standard inspection or incident investigations performed by CA PUC staff on all operators. Also, each member checks the operator's records on a sample basis to insure requests for locate were responded to correctly and timely.

- | | | | |
|----------|---|---|---|
| 3 | Did the state encourage and promote the adoption of the Common Ground Alliance Best Practices document to its regulated companies as a means of reducing damages to all underground facilities? Previous Question A.7
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

SLR Notes:

Yes, CA PUC has been working with organizations in promoting best practices to adoption of the Common Ground Alliance Best Practices document in areas to improve their state damage prevention.

- | | | | |
|----------|---|---|---|
| 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? New 2008
Yes = 1 No = 0 | 1 | 1 |
|----------|---|---|---|

SLR Notes:

Yes, CA PUC has a requirement all operators have to submit quarterly summary reports on the damages that occur on their systems. This information is posted in a CA PUC Damage Prevention database program. The information is reviewed quarterly and is being considered by the agency as a base for risk assessment of operators.

- | | | | |
|----------|--|---|---|
| 5 | Did the state review operators' records of accidents and failures due to excavation damage to ensure causes of failure are addressed to minimize the possibility of recurrence as required by 192.617?
Yes = 2 No = 0 | 2 | 2 |
|----------|--|---|---|

SLR Notes:

Yes, this is reviewed in the incident database program and checked during their annual audit visit of the operator.

- | | | | |
|----------|---|-----------|-----------|
| 6 | Part E: General Comments/Regional Observations
Info Only = No Points | Info Only | Info Only |
|----------|---|-----------|-----------|

SLR Notes:

No loss of points occurred in Section E.

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

PART F - Field Inspection

Points(MAX) Score

- 1 Operator, Inspector, Location, Date and PHMSA Representative Info Only Info Only
Info Only = No Points

Name of Operator Inspected:

Southern California Gas Company (Socal)

Name of State Inspector(s) Observed:

Mathewson Epuna, Utilities Engineer

Location of Inspection:

Downey, California

Date of Inspection:

September 21-22, 2011

Name of PHMSA Representative:

Don Martin, US DOT PHMSA State Programs

SLR Notes:

The inspection was performed at the gas company's offices located in Downey, CA and pipeline facilities in the Downey and Anaheim, CA area. The inspection covered Operator Qualification requirements.

- 2 Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? New 2008 1 1
Yes = 1 No = 0

SLR Notes:

Yes, the operator was notified three weeks prior to the date of the inspection.

- 3 Did the inspector use an acceptable inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) Previous Question F.2 2 2
Yes = 2 No = 0

SLR Notes:

Yes, the CAPUC inspector used the Operator Qualification Protocol 9 - Field federal form.

- 4 Did the inspector thoroughly document results of the inspection? Previous Question F.3 2 2
Yes = 2 No = 0

SLR Notes:

Yes, the inspector documented his observations and results on the federal form.

- 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.) New 2008 1 1
Yes = 1 No = 0

SLR Notes:

Yes, the inspector confirmed that the operator's personnel was using the test equipment specified in the operator's Operator Qualification Plan and Operating Procedures Manual. He confirmed if proper calibration of the equipment had been completed with the timeframes specified by the operator or equipment manufacturer.

- 6 What type of inspection(s) did the state inspector conduct during the field portion of the state evaluation? (i.e. Standard, Construction, IMP, etc) New 2008 Info Only Info Only
Info Only = No Points

SLR Notes:

The inspector performed Operator Qualification Protocol 9 - Field for the covered tasks of class location determination, leak survey, locate/mark and odorant level testing.

- 7 Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) New 2008, comprehensive question worth 2 points total 2 2
Yes = 2 No = 0 Needs Improvement = 1
- a. Procedures ☒
 - b. Records ☒
 - c. Field Activities/Facilities ☒

d. Other (Please Comment)

☐

SLR Notes:

The inspector properly covered all the areas required to conduct a thorough inspection.

- | | | | |
|----------|---|---|---|
| 8 | Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Liaison will document reasons if unacceptable) Previous Question F.8
Yes = 2 No = 0 | 2 | 2 |
|----------|---|---|---|

SLR Notes:

Yes, the inspector has twenty years of experience inspecting for compliance with pipeline safety regulations. He was very thorough and asked very good questions of the operator's personnel.

- | | | | |
|----------|--|---|---|
| 9 | 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) Previous Question F.10
Yes = 1 No = 0 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

The exit interview was scheduled for the next day to review the results for the complete inspections. He communicated any concerns as he progressed through his inspection but there were no probable violations identified during the evaluation observation.

- | | | | |
|-----------|--|---|---|
| 10 | During the exit interview, did the inspector identify probable violations found during the inspections? Previous Question F.11
Yes = 1 No = 0 | 1 | 1 |
|-----------|--|---|---|

SLR Notes:

During the evaluation observation there were no probable violations identified.

- | | | | |
|-----------|---|-----------|-----------|
| 11 | What did the inspector observe in the field? (Narrative description of field observations and how inspector performed)
Info Only = No Points | Info Only | Info Only |
|-----------|---|-----------|-----------|

SLR Notes:

Class location identification, leak surveying, locating/marketing and odorant level testing.

- | | | | |
|-----------|--|-----------|-----------|
| 12 | Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices)
Info Only = No Points | Info Only | Info Only |
|-----------|--|-----------|-----------|

SLR Notes:

There were no best practices identified.

- | | | | |
|-----------|--|-------------------------------------|-----------|
| 13 | Field Observation Areas Observed (check all that apply)
Info Only = No Points | Info Only | Info Only |
| | a. Abandonment | <input type="checkbox"/> | |
| | b. Abnormal Operations | <input type="checkbox"/> | |
| | c. Break-Out Tanks | <input type="checkbox"/> | |
| | d. Compressor or Pump Stations | <input type="checkbox"/> | |
| | e. Change in Class Location | <input checked="" type="checkbox"/> | |
| | f. Casings | <input type="checkbox"/> | |
| | g. Cathodic Protection | <input checked="" type="checkbox"/> | |
| | h. Cast-iron Replacement | <input type="checkbox"/> | |
| | i. Damage Prevention | <input checked="" type="checkbox"/> | |
| | j. Deactivation | <input type="checkbox"/> | |
| | k. Emergency Procedures | <input type="checkbox"/> | |
| | l. Inspection of Right-of-Way | <input type="checkbox"/> | |
| | m. Line Markers | <input checked="" type="checkbox"/> | |
| | n. Liaison with Public Officials | <input type="checkbox"/> | |
| | o. Leak Surveys | <input checked="" type="checkbox"/> | |
| | p. MOP | <input type="checkbox"/> | |
| | q. MAOP | <input type="checkbox"/> | |

r.	Moving Pipe	<input type="checkbox"/>
s.	New Construction	<input type="checkbox"/>
t.	Navigable Waterway Crossings	<input type="checkbox"/>
u.	Odorization	<input checked="" type="checkbox"/>
v.	Overpressure Safety Devices	<input type="checkbox"/>
w.	Plastic Pipe Installation	<input type="checkbox"/>
x.	Public Education	<input type="checkbox"/>
y.	Purging	<input type="checkbox"/>
z.	Prevention of Accidental Ignition	<input type="checkbox"/>
A.	Repairs	<input type="checkbox"/>
B.	Signs	<input type="checkbox"/>
C.	Tapping	<input type="checkbox"/>
D.	Valve Maintenance	<input type="checkbox"/>
E.	Vault Maintenance	<input type="checkbox"/>
F.	Welding	<input type="checkbox"/>
G.	OQ - Operator Qualification	<input checked="" type="checkbox"/>
H.	Compliance Follow-up	<input type="checkbox"/>
I.	Atmospheric Corrosion	<input type="checkbox"/>
J.	Other	<input type="checkbox"/>

SLR Notes:

14 Part F: General Comments/Regional Observations

Info Only Info Only

Info Only = No Points

SLR Notes:

There were no issues identified for Part F of this evaluation.

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



PART G - PHMSA Initiatives - Strategic Plan

Points(MAX) Score

Risk base Inspections - Targeting High Risk Areas

1 Does state have process to identify high risk inspection units? 1.5 1.5

Yes = 1.5 No = 0

Risk Factors (criteria) to consider may include:

Miles of HCA's, Geographic area, Population Density

Length of time since last inspection

History of Individual Operator units (leakage, incident and compliance history, etc.)

Threats - (Excavation Damage, Corrosion, Natural Forces, Other Outside Forces, Material or Welds, Equipment, Operations, Other)

SLR Notes:

Yes, California Public Utilities Commission's Criteria in section 2, scheduling inspections page 5, addresses several of these threats. Other areas of risk factors are being considered in future criteria to be used by the agency in their pipeline safety program.

2 Are inspection units broken down appropriately? (see definitions in Guidelines) .5 0.5

Yes = .5 No = 0

SLR Notes:

Upon a cursory review of the CAPUC's operator and inspection unit information no issues were identified that warrants a reduction in points. However, it was noted and discussed that the CAPUC had listed one inspection unit for the operator, San Diego Gas and Electric (SDGE). SDGE has over 500,000 service lines and over 8000 miles of main. On the surface this inspection unit appears to be larger than what is usually encountered. PHMSA may provide additional feedback on this issue after it has completed an analysis of inspection unit metrics across all state programs.

3 Consideration of operators DIMP Plan? (if available and pending rulemaking) Info Only Info Only

Info Only = No Points

SLR Notes:

Yes, Michael Robertson has met with all the operators on this item and provided guidelines on what action they need to take to comply with this requirement.

4 Does state inspection process target high risk areas? .5 0.5

Yes = .5 No = 0

SLR Notes:

Yes this item is addressed in their procedures manual on page 12.

Use of Data to Help Drive Program Priority and Inspections

5 Does state use data to analyze effectiveness of damage prevention efforts in the state? (DIRT or other data, etc) .5 0.5

Yes = .5 No = 0

SLR Notes:

Yes, California Public Utilities Commission quarterly incident data is the method used to track the effectiveness of their state's damage prevention efforts. Currently, all private local distribution operators under the CA PUC jurisdiction are volunteering entering damage data into the Common Ground Alliance Dirt program..

6 Has state reviewed data on Operator Annual reports for accuracy? .5 0.5

Yes = .5 No = 0

SLR Notes:

Yes, this information is reviewed by each staff member when the report is filed by the operator. The report is discussed and reviewed again with the operator representative prior to and during the inspection of the operator's facilities. Currently, the CA PUC state program manager is analyzing the submitted data for future use in the pipeline safety risk assessment inspection program.

7 Has state analyzed annual report data for trends and operator issues? .5 0.5

Yes = .5 No = 0

SLR Notes:

Yes, this is reviewed during the filing of the annual reports by state program manager and other staff members.

8 Has state reviewed data on Incident/Accident reports for accuracy? .5 0.5

Yes = .5 No = 0

SLR Notes:

Yes, this is reviewed as the incident report is submitted by the operator. If information is not complete or inaccurate on the report, the engineer will contact the operator for additional information. This process is described in the Incident Investigation Procedures Manual section II, Incident Investigation Procedures, page 7.

9	Does state do evaluation of effectiveness of program based on data? (i.e. performance measures, trends, etc.)	.5	0.5
----------	---	----	-----

Yes = .5 No = 0

SLR Notes:

Yes, this is accomplished by performing data reviews of all inspections and violations founded and corrected.

10	Did the State input all operator qualification inspection results into web based database provided by PHMSA in a timely manner upon completion of OQ inspections? Previous Question B.15	.5	0.5
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Yes = .5 No = 0

SLR Notes:

Yes, a review of the PHMSA Operator Qualification Database on September 6, 2011 indicated all OQ inspections results along with the protocols were entered in a timely manners during calendar year 2010.

11	Did the State submit their replies into the Integrity Management Database (IMDB) in response to the Operators notifications for their integrity management program? Previous Question B.16	.5	0.5
-----------	--	----	-----

Yes = .5 No = 0

SLR Notes:

Yes, a review of the Integrity Management Database on September 6, 2011 indicated they replied when requested to the operator's notification pertaining to their integrity management program.

12	Have the IMP Federal Protocol forms been uploaded to the IMDB? Previous Question B.17	.5	0.5
-----------	---	----	-----

Yes = .5 No = 0

SLR Notes:

Yes, this information was entered by Dennis Lee.

13	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? Previous Question B.18	.5	0.5
-----------	---	----	-----

Yes = .5 No = 0

SLR Notes:

Yes, operators are currently providing information to CA PUC on Aldyl-A plastic pipe.

14	Has state confirmed transmission operators have submitted information into National Pipeline Mapping System (NPMS) database along with any changes made after original submission?	.5	0.5
-----------	--	----	-----

Yes = .5 No = 0

SLR Notes:

Yes, this is reviewed with the operators who have transmission pipelines during their inspection visits.

Accident/Incident Investigation Learning and Sharing Lessons Learned

15	Has state shared lessons learned from incidents/accidents? (i.e. NAPSRS meetings and communications)	.5	0.5
-----------	--	----	-----

Yes = .5 No = 0

SLR Notes:

Yes, information on the San Bruno and other incidents and accidents have been presented at the annual 2011 NAPSRS Western Region Meeting.

16	Does the State support data gathering efforts concerning accidents? (Frequency/Consequence/etc)	.5	0.5
-----------	---	----	-----

Yes = .5 No = 0

SLR Notes:

Yes, they actively participate in all NAPSRS and data committees seeking information on data regarding accidents.

17	Does state have incident/accident criteria for conducting root cause analysis?	Info Only	Info Only
-----------	--	-----------	-----------

Info Only = No Points

SLR Notes:

Yes, as a part of their investigative process they conduct a root cause analysis on all incidents and accidents. More work is planned in this area in the future with new staff members.

18 Does state conduct root cause analysis on incidents/accidents in state?

Info Only Info Only

Info Only = No Points

SLR Notes:

Yes, as a part of their investigative process they conduct a root cause analysis.

19 Has state participated on root cause analysis training? (can also be on wait list)

.5 0.5

Yes = .5 No = 0

SLR Notes:

Yes, the following CA PUC staff members Dennis Lee, George Carter, Terence Eng, Matthewson Epuna and Kan Wai Tong have completed the root cause analysis training course.

Transparency - Communication with Stakeholders

20 Other than pipeline safety seminar does State communicate with stakeholders? (Communicate program data, pub awareness, etc.)

.5 0.5

Yes = .5 No = 0

SLR Notes:

Yes, this is accomplished through the California Regional CGA, USA North Call center, congressional members of the US Congress and state legislatures at meetings pertaining to the pipeline safety program matters. Additionally, the agency has been conducting work shops with all parties to better inform individuals about safety issues.

21 Does state share enforcement data with public? (Website, newsletters, docket access, etc.)

.5 0.5

Yes = .5 No = 0

SLR Notes:

Yes, this is accomplished at work shop meetings, bulletin boards and data posted on the agency's web site.

22 Part G: General Comments/Regional Observations

Info Only Info Only

Info Only = No Points

SLR Notes:

No issues of concerns or loss of points occurred in Section G.

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

PART H - Miscellaneous

Points(MAX) Score

- | | | | |
|----------|---|----|-----|
| 1 | What were the major accomplishments for the year being evaluated? (Describe the accomplishments, NAPSR Activities and Participation, etc.)
Yes = .5 No = 0 | .5 | 0.5 |
|----------|---|----|-----|

SLR Notes:

The majority of their efforts were involved in the investigation with NTSB of the San Bruno incident. The agency started the ground work on rule making pertaining to ten items making it easier for the agency to enforce their regulations. The agency opened up an investigation into the Rancho Cordova, CA incident that occurred on December 24, 2008 involving PG&E natural gas distribution system. It is anticipated a civil penalty will be assessed against the operator in 2011. The agency's investigation and anticipated report of the San Bruno accident will be released in 2011.

- | | | | |
|----------|--|----|-----|
| 2 | What legislative or program initiatives are taking place/planned in the state, past, present, and future? (Describe initiatives (i.e. damage prevention, jurisdiction/authority, compliance/administrative, etc.)
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

Several legislative efforts by State Representatives and Senators were introduced in 2010 to improve CA PUC's over site responsibilities. Listed below is a description of each bill.

Senate Bill 44: The Commission is to begin the process of establishing compatible emergency response procedures/standards that owners or operators of commission-regulated gas pipeline facilities shall be required to follow. The compatible emergency response standards shall contain additional or more stringent standards that are compatible with the minimum standards established by the Federal Government. Pipeline operators must establish plans that include, but are not limited to, procedures that are addressed in existing Title 49, Code of Federal Regulations (CFR), Part 192.615. The bill also requires that pipeline operators provide accurate pipeline maps to the State Fire Marshal and local fire officials.

Assembly Bill 56: This bill would require the Commission to adopt and enforce "compatible safety standards" and a "state pipeline safety program certification program" including requirements regarding: annual performance reporting; application of the integrity management requirements system-wide; public education; provision of pipeline mapping information; installation of automatic or remotely-controlled valves; pressure limitations for pipelines meeting certain criteria; and requiring upgrades to certain pipeline facilities. The bill also requires the CPUC to adopt and enforce the one-call notification program.

Senate Bill 216: The bill requires that the CPUC open or expand the scope of an existing proceeding to evaluate current practices and to determine whether compatible safety standards should be adopted with respect to pipelines carrying liquids and hazardous materials in proximity to Commission-regulated gas pipelines and for the installation, maintenance, location, and type of sectionalized block valves on Commission-regulated gas pipeline facilities. The bill also directs the CPUC to adopt compatible safety standards requiring the installation of remote-controlled and automatic valves on pipelines in high consequence areas and where pipelines transverse seismic faults.

Senate Bill 705: The bill requires each gas corporation that provides basic gas service shall develop and implement a policy for the safe operation and maintenance of its gas plant sufficient to prevent accidents, explosions, fires and dangerous conditions, and to protect the public and its employees. The policy shall have priority over cost minimization considerations and shall be consistent with best practices in the gas industry and with Federal Pipeline Safety Statutes. The bill also would require the Commission and gas corporations to provide opportunities to public utility employees to participate in the development and implementation of gas service and safety policy, with the objective of developing an industry wide culture of safety.

- | | | | |
|----------|--|----|-----|
| 3 | Any Risk Reduction Accomplishments/Projects? (i.e. Cast iron replacement projects, bare steel, third-party damage reductions, etc.)
Yes = .5 No = 0 | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

Yes, CA PUC directed PG&E to continue to reduce their cast iron pipelines and copper service lines under an existing order from the commission. In 2010, PG&E replaced 6,209 copper services and continued the replacement of cast iron mains. As of January, 2011, PG&E has 63 miles of cast iron main to be replaced. CA PUC continues to monitor PG&E meter protection program to ensure meter sets are not damaged by outside parties.

- | | | | |
|----------|--|---|---|
| 4 | Did the state participate in/respond to surveys or information requests from NAPSR or PHMSA?
Yes = 1 No = 0 | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes, they responded to all request from NAPSR and PHMSA.

- | | | | |
|----------|---|----|-----|
| 5 | Sharing Best Practices with Other States - (General Program)
Yes = .5 No = 0 | .5 | 0.5 |
|----------|---|----|-----|

SLR Notes:

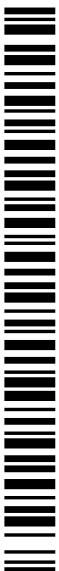
Yes, CA PUC continue to share best practices with other state representatives on the San Bruno incident and investigation.

- | | | | |
|----------|---|-----------|-----------|
| 6 | Part H: General Comments/Regional Observations
Info Only = No Points | Info Only | Info Only |
|----------|---|-----------|-----------|

SLR Notes:

No issues of concerns or loss of points occurred in Section H.

Total points scored for this section: 3
Total possible points for this section: 3



PART I - Program Initiatives

Points(MAX) Score

Drug and Alcohol Testing (49 CFR Part 199)

- | | | | |
|----------|--|---|---|
| 1 | Has the state verified that operators have drug and alcohol testing programs?
<small>Yes = 1 No = 0</small> | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes, this is accomplished during the Drug and Alcohol inspection performed on the operator using the PHMSA inspection forms.

- | | | | |
|----------|---|----|-----|
| 2 | Is the state verifying that operators are conducting the drug and alcohol tests required by the operators program (random, post-incident, etc.)
<small>Yes = .5 No = 0</small> | .5 | 0.5 |
|----------|---|----|-----|

SLR Notes:

Yes, this is reviewed during the audit review of the operator. CA PUC uses the PHMSA form for their review of the operator.

- | | | | |
|----------|--|----|-----|
| 3 | Is the state verifying that any positive tests are responded to in accordance with the operator's program?
<small>Yes = .5 No = 0</small> | .5 | 0.5 |
|----------|--|----|-----|

SLR Notes:

Yes, this is reviewed during the audit visit. If a positive test was found in the operator's records concerning an individual who failed the drug test, they contact the operator's Human Resource representative to determine what action was taken to comply with the regulations.

Qualification of Pipeline Personnel (49 CFR Part 192 Subpart N)

- | | | | |
|----------|--|---|---|
| 4 | Has the state verified that operators have a written qualification program?
<small>Yes = 1 No = 0</small> | 1 | 1 |
|----------|--|---|---|

SLR Notes:

Yes, this is checked and verified each year during the inspection performed by staff members.

- | | | | |
|----------|---|----|-----|
| 5 | Has the state reviewed operator qualification programs for compliance with PHMSA rules and protocols?
<small>Yes = .5 No = 0</small> | .5 | 0.5 |
|----------|---|----|-----|

SLR Notes:

Yes, this is accomplished during the standard inspection performed on the operator.

- | | | | |
|----------|---|----|-----|
| 6 | Is the state verifying that persons who perform covered tasks for the operator are qualified in accordance with the operator's program?
<small>Yes = .5 No = 0</small> | .5 | 0.5 |
|----------|---|----|-----|

SLR Notes:

Yes, this is accomplished during the standard inspection performed on the operator.

- | | | | |
|----------|---|----|-----|
| 7 | Is the state verifying that persons who perform covered task for the operator are requalified at the intervals specified in the operator's program?
<small>Yes = .5 No = 0</small> | .5 | 0.5 |
|----------|---|----|-----|

SLR Notes:

Yes, this is accomplished during the standard inspection performed on the operator.

Gas Transmission Pipeline Integrity Management (49 CFR Part 192 Subpart O)

- | | | | |
|----------|---|---|---|
| 8 | Has the state verified that all operators with transmission pipelines have either adopted an integrity management program (IMP), or have properly determined that one is not required?
<small>Yes = 1 No = 0</small> | 1 | 1 |
|----------|---|---|---|

SLR Notes:

Yes, this was accomplished in two steps. The first step is an informal meeting with the company officials. The second step is a complete audit of each operator who has an integrity management program.

- | | | | |
|----------|---|----|-----|
| 9 | Has the state verified that in determining whether a plan is required, the operator correctly calculated the potential impact radii and properly applied the definition of a high consequence area?
<small>Yes = .5 No = 0</small> | .5 | 0.5 |
|----------|---|----|-----|

SLR Notes:

Yes, during the Integrity Management audit performed by CA PUC staff members they verified the operator correctly calculated the potential impact radii. They often meet with the operator to discuss this item and insure they have properly applied the definition of a high consequence area in their plan.

- | | | | |
|-----------|---|----|-----|
| 10 | Has the state reviewed operator IMPs for compliance with Subpart O? (In accordance with State Inspection plan)
Yes = .5 No = 0 | .5 | 0.5 |
|-----------|---|----|-----|

SLR Notes:

Yes, CA PUC has verified the operators under their jurisdictional authority have complied with Subpart O, Gas Transmission Pipeline Integrity Management. In a joint effort with PHMSA, Arizona Corporation Commission and Nevada Public Service Commission they reviewed Southwest Gas Company program in calendar year 2010 for complies with integrity management rules.

- | | | | |
|-----------|--|----|-----|
| 11 | Is the state monitoring operator progress on the inspections, tests and remedial actions required by the operator's IMP, including that they are being done in the manner and schedule called for in its IMP?
Yes = .5 No = 0 | .5 | 0.5 |
|-----------|--|----|-----|

SLR Notes:

Yes, the state is monitoring the operators' progress in completing the IMP requirements as indicated in their inspection report documentation.

- | | | | |
|-----------|--|----|-----|
| 12 | Is the state verifying that operators are periodically examining their transmission line routes for the appearance of new HCAs?
Yes = .5 No = 0 | .5 | 0.5 |
|-----------|--|----|-----|

SLR Notes:

Yes, this is checked during their IM audit and other field inspection verification.

Public Awareness (49 CFR Section 192.616)

- | | | | |
|-----------|--|----|-----|
| 13 | Has the state verified that each operator has developed a continuing public awareness program? (due date was 6/20/06 for most operators, 6/20/07 for certain very small operators, 6/13/08 for master meters)
Yes = .5 No = 0 | .5 | 0.5 |
|-----------|--|----|-----|

SLR Notes:

Yes, this was checked by each staff members as the operator submitted their results into the PHMSA Clearinghouse database.

- | | | | |
|-----------|--|----|-----|
| 14 | Has the state reviewed the content of these programs for compliance with 192.616 (by participating in the Clearinghouse or by other means)?
Yes = .5 No = 0 | .5 | 0.5 |
|-----------|--|----|-----|

SLR Notes:

Yes, CA PUC verified this information through the PHMSA Clearinghouse and performed a follow-up with the operator via the standard inspection review.

- | | | | |
|-----------|--|----|-----|
| 15 | Is the state verifying that operators are conducting the public awareness activities called for in its program?
Yes = .5 No = 0 | .5 | 0.5 |
|-----------|--|----|-----|

SLR Notes:

Yes, CA PUC continues to use the PHMSA inspection form to verify the operator is conducting public awareness activities in accordance with their written program.

- | | | | |
|-----------|---|-----------|-----------|
| 16 | Is the state verifying that operators have evaluated their Public Awareness programs for effectiveness as described in RP1162?
Info Only = No Points | Info Only | Info Only |
|-----------|---|-----------|-----------|

SLR Notes:

Yes, discussions have been conducted with operators about this item but CA PUC is waiting for PHMSA to provide a method to effectively measure this item.

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|-----------|---|-----------|-----------|
| 17 | Part I: General Comments/Regional Observations
Info Only = No Points | Info Only | Info Only |
|-----------|---|-----------|-----------|

SLR Notes:

No areas of concern or loss of points occurred in Section I of this evaluation.

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