



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

PARTS		Possible Points	Points Scored
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
TOTALS		114	95.5
State Rating			83.8

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.

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| 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.

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| 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.

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| 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.

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| 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.

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| 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.

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| 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).

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| 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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

No Issues

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| 10 | General Comments:
Info Only = No Points |
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Info OnlyInfo Only

Evaluator Notes:

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

PART B - Program Inspection Procedures

Points(MAX) Score

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|----------|--------------------------------------------------------------------|---|---|
| 1 | Standard Inspections (B1a)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

The CPUC inspection procedures are covered in their GO-112E Procedures manual. This item is covered under section II - Scheduling Inspections.

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| 2 | IMP Inspections (including DIMP) (B1b)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

This is covered under section II of their procedures manual.

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| 3 | OQ Inspections (B1c)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

This is included in Section II of their procedures.

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| 4 | Damage Prevention Inspections (B1d)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

This is included in Section II of their procedures manual.

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| 5 | On-Site Operator Training (B1e)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

No Issues

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

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| 7 | Incident/Accident Investigations (B1g)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

This is found in the CPUC, "Incident Investigation Procedures Manual".

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| 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)
Yes = 6 No = 0 Needs Improvement = 1-5 | 6 | 5 |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|

- | | | | | |
|----|--------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------|-----------------------------------------|
| a. | Length of time since last inspection | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Type of activity being undertaken by operators (i.e. construction) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. | Locations of operators inspection units being inspected - (HCA's, Geographic areas, Population Density, etc) | 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 OnlyInfo 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 <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Completion of Required DIMP*/IMP Training before conducting inspection as lead? *Effective Evaluation CY2013 | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Root Cause Training by at least one inspector/program manager | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. | Note any outside training completed | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

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
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 of irrelevant information included with inspection packets and handwritten notes that are illegible.			
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
Evaluator Notes: covered on checklist			
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
Evaluator Notes: covered on checklist, using fed form			
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
Evaluator Notes: Covered on checklist form			
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
Evaluator Notes: Covered on federal inspection form which is used under 192.617			
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
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.			
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
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.			

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 -

- | | | | |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|
| 21 | 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 |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|

Evaluator Notes:

No issues

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| 22 | 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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| 23 | Did the state participate in/respond to surveys or information requests from NAPSRS or PHMSA? (H4)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

No issues.

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| 24 | 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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| 25 | General Comments:
Info Only = No Points | Info Only | Info Only |
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Evaluator Notes:

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

PART D - Compliance Activities**Points(MAX) Score**

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| 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)
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

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| 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)
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.

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

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

No issues with due process

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| 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)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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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.

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

Yes, see previous

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| 7 | General Comments:
Info Only = No Points | Info Only | Info Only |
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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.

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

PART E - Incident Investigations

Points(MAX) Score

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|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------|
| 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)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
| a. | Acknowledgement of MOU between NTSB and PHMSA (Appendix D) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |
| b. | Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) | Yes <input checked="" type="radio"/> | No <input type="radio"/> Needs Improvement <input type="radio"/> |

Evaluator Notes:

There were no issues with this question

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| 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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|

Evaluator Notes:

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

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

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.

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

Evaluator Notes:

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

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| 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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|

Evaluator Notes:

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

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|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|
| 6 | 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 |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|

Evaluator Notes:

No issues

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

Evaluator Notes:

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

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)
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)
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)
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)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|

Evaluator Notes:

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|---|--------------------------------------------|-----------|-----------|
| 5 | General Comments:
Info Only = No Points | Info Only | Info Only |
|---|--------------------------------------------|-----------|-----------|

Evaluator Notes:

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 = No Points | Info OnlyInfo Only |
|----------|---------------------------------------------------------------------------------------|--------------------|

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)
Yes = 1 No = 0 | 11 |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------|----|

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)
Yes = 2 No = 0 Needs Improvement = 1 | 21 |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|

Evaluator Notes:

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

- | | | |
|----------|---------------------------------------------------------------------------------------------------------------|----|
| 4 | Did the inspector thoroughly document results of the inspection? (F4)
Yes = 2 No = 0 Needs Improvement = 1 | 21 |
|----------|---------------------------------------------------------------------------------------------------------------|----|

Evaluator Notes:

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

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|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 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)
Yes = 1 No = 0 | 11 |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|

Evaluator Notes:

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

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|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| 6 | Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) (F7)
Yes = 2 No = 0 Needs Improvement = 1 | 21 |
| | a. Procedures | <input checked="" type="checkbox"/> |
| | b. Records | <input checked="" type="checkbox"/> |
| | c. Field Activities | <input checked="" type="checkbox"/> |
| | d. Other (please comment) | <input type="checkbox"/> |

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) Yes = 2 No = 0 Needs Improvement = 1	2	2
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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) Yes = 1 No = 0	1	1
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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) Yes = 1 No = 0	1	NA
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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 = No Points	Info Only	Info Only
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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 type="checkbox"/>
f.	Casings	<input type="checkbox"/>
g.	Cathodic Protection	<input type="checkbox"/>
h.	Cast-iron Replacement	<input type="checkbox"/>
i.	Damage Prevention	<input 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 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 checked="" 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 checked="" type="checkbox"/>

- | | | |
|----|-----------------------------|-------------------------------------|
| E. | Vault Maintenance | <input checked="" 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"/> |

Evaluator Notes:

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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---------------------------------------------------------------------------------------------------------|---|----|

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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----|

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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----|

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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
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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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----|

Evaluator Notes:

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

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

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|----------|--------------------------------------------|-----------|-----------|
| 8 | General Comments:
Info Only = No Points | Info Only | Info Only |
|----------|--------------------------------------------|-----------|-----------|

Evaluator Notes:

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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
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Evaluator Notes:

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

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)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----|

Evaluator Notes:

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

Evaluator Notes:

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

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|----------|--------------------------------------------|-----------|-----------|
| 7 | General Comments:
Info Only = No Points | Info Only | Info Only |
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Evaluator Notes:

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