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September 2, 2011

Mr. Raffy Stepanian
Utility Safety Section
Safety and Reliability Branch
Consumers Protection and Safety Division
California Public Utility Commission
505 Van Ness Avenue, 2nd Floor
San Francisco, CA 94102-3298

Reference: General Order 112-E, Section 126.1 Report
Change in Maximum Allowable Operating Pressure for Lines 300A (Mile
Points 449.88-450.41 and 445.86-445.94) and 300B (Mile Points 449.85-
450.39) in San Benito County

Dear Mr. Stepanian:

In accordance with Section 126.1 of General Order 112-E, PG&E is hereby providing a 30-day notification report to change the maximum allowable operating pressure (MAOP) in PG&E's Lines 300A and 300B outside the city of Hollister in San Benito County.

PG&E has today taken pressure reductions on Lines 300A (Mile Points 449.88-450.41 and 445.86-445.94) and 300B (Mile Points 449.85-450.39)¹ outside the city of Hollister in San Benito County as part of its class location review, reducing the MAOP from the original 631 psig to 526 psig. See the attached map for the area of Lines 300A and 300B where the PG&E initiated pressure reduction occurred.

This report will explain the steps PG&E is taking to confirm the capability of these segments of Lines 300A and 300B to withstand increasing the MAOP back to 631 psig.

First, PG&E will conduct an 8 hour hydrostatic test for the affected segments of both Lines 300A and 300B. These tests were previously scheduled as T65 and T87B, respectively, as part of PG&E's hydrostatic test program, and were included in the August 31, 2011 Report on the Status of the Hydrostatic Pressure Testing Program. PG&E will test with a minimum test pressure of 947 psig for a full eight hours, which is

¹ The section of Line 300B addressed in this letter is not subject to any CPUC order, and is different from the Line 300B section upstream of the Topock Compressor station, which is the subject of PG&E's motion in Rulemaking 11-12-009 and the associated proposed decision.

1.5 times the proposed MAOP. These tests are currently scheduled for October 1-12 and September 18-30, respectively, but the dates may be switched or otherwise changed to minimize customer impacts and depending upon any permitting issues.

In addition, PG&E will review and complete an MAOP validation for this segment. PG&E will provide both the MAOP validation results and the hydrostatic tests to CPSD prior to increasing the MAOP. PG&E will also do a thorough review of the physical condition of the pipeline to the extent it can be ascertained from available records, as well as the operating and maintenance history of the pipeline, and will confirm that the design, construction, and testing procedures followed in the original construction are acceptable for the proposed MAOP increase.

The reason for this change is to restore the original MAOP and to mitigate any adverse customer impacts. As noted above, the hydrostatic tests have previously been planned on these pipeline segments in connection with PG&E's commitment to hydrostatically test 152 miles of "Priority 1" pipeline in 2011. However, the tests will impact the amount of gas that can be delivered to customers under the reduced pressure conditions, including a power plant.²

To minimize the need to curtail gas supply to a generator during the second hydrostatic test in October, PG&E plans to raise the pressure after completion of the first test and before the start of the second test on October 2, assuming that the test has been successfully completed. Once the second test for Line 300B is successfully completed, PG&E would restore the MAOP on Line 300B.

It is essential to increase the MAOP of both Lines 300A and 300B back to 631 psig before the onset of cold weather, as these lines are the primary source of gas supply to Milpitas Terminal, which serves San Jose, the San Francisco Peninsula and San Francisco.

If there are any questions regarding this project, please contact [Redacted] Pipeline Engineering Manager, at [Redacted]

Sincerely,

/S/

Frances Yee

Attachment

² Due to customer confidentiality, PG&E is not naming the potentially affected generator in this letter, but will inform CPSD upon request.