



Bill Gibson
Director, Regulatory Compliance
and Support
Gas Operations

375 N. Wiget Lane,
Walnut Creek, CA 94598
Suite 250

925-974-4210
Fax: 925-974-4102
Internet: WLG3@pge.com

January 20, 2012

Ms. Michelle Cooke, Director
Consumer Protection and Safety Division
California Public Utilities Commission
505 Van Ness Ave., Room 2005
San Francisco, CA 94102-3298

Re: CPUC Resolution ALJ-274 Self-Identified Non-Compliance Notification
Deactivated Pressure Regulator Station not Properly Disconnected in the City of
Santa Clara, Santa Clara County

Dear Ms. Cooke:

Pursuant to Resolution ALJ-274, PG&E is providing notification of a self-identified non-compliance issue.

A recent review of records for a deactivated pressure regulator station located at [Redacted] in the City of Santa Clara did not specify if the deactivated equipment had been disconnected or removed. On January 10, 2012, PG&E performed a physical inspection to confirm if the equipment had been disconnected. Upon inspection, PG&E discovered that while the pressure regulator station at [Redacted] has been isolated from the gas system since 2002 by inlet and outlet fire valves, it remains connected to the gas system.

This is a violation of 49 CFR §192.727(c), which states, "Except for service lines, each inactive pipeline that is not being maintained under this part must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard."

The regulator station vault is in what has become the turn lane from [Redacted] onto the [Redacted]. Access into the vault requires that a traffic control plan be submitted and approved by the City of Santa Clara and Santa Clara County. In 2002 PG&E determined that the regulator station was not needed for distribution system capacity and deactivated the station. However, the equipment in the vault was not removed and has not been maintained, nor was the piping in and out of the vault disconnected from the gas system.

The inlet and outlet valves, which are housed in valve frames and covers 40 and 21 feet away from the station vault, respectively, have been maintained in the closed position since 2002. PG&E does not believe this situation has posed a public or employee safety issue. Nevertheless, the station piping has remained connected to the gas system in violation of the above-referenced code requirement.

Since the discovery of this finding, PG&E has performed the following corrective actions:

January 10, 2012

- Set up temporary traffic control to gain entrance into the station vault to confirm if the deactivated pressure regulator station equipment was properly disconnected from the gas system.

January 13, 2012

- Applied for City and County of Santa Clara permits for lane closure to accommodate PG&E work to remove deactivated station equipment and install blind flanges on the piping inside the station vault.

January 18, 2012

- Removed deactivated equipment in the station vault and installed blind flanges on the ends of the remaining piping, bringing facilities in compliance with 49 CFR §192.727(c).

Additional Steps to be taken:

- Initiate a job to excavate, cut, cap and deactivate piping into and out of the regulator station. Expected completion date is December 31, 2012, pending permitting issues.
- PG&E's work procedure for regulator station maintenance already contains requirements for deactivating regulator stations. However, the work procedure is being revised to clarify the steps for deactivating and disconnecting station facilities. The revised work procedure publication date is expected to be in the first quarter of 2012.
- PG&E will review its system to ensure that other deactivated regulator stations are properly disconnected from the gas system by September 1, 2012.

The local authorities for the City of Santa Clara and Santa Clara County will be notified, and PG&E will provide confirmation of notification as a supplement to this notification.

Please contact Redacted for any additional questions you may have regarding this notification.

Sincerely,



Bill Gibson
Director, Regulatory Compliance and Support

cc: Dennis Lee, CPUC
Mike Robertson, CPUC

Redacted

Shilpa Ramaiya, PG&E
Frances Yee, PG&E