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March 30, 2012

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

Re: CPUC Resolution ALJ-274 Self-Identified Non-Compliance Notification  
Incorrect Relief Valve Set Point on Gas Distribution System in Solano County

Dear Ms. Cooke:

Pursuant to Resolution ALJ-274, PG&E is providing notification of a self-identified non-compliance issue regarding an improperly set relief valve pressure resulting from incorrect Maximum Allowable Operating Pressure (MAOP) documentation of a distribution system serving the Solano County [Redacted]. Given the properly functioning pressure regulator PG&E has in place, the operating pressure of the system never exceeded the correct MAOP.

On March 14, 2012, a PG&E senior gas distribution engineer discovered that the MAOP on the District Regulator Data Sheet for the distribution system serving the Solano County [Redacted] was incorrectly specified to be 50 pounds per square inch gauge (psig) since 1990, and as a result of this incorrect value, the relief valve set point for the system was set at 53 psig. The MAOP of this 0.83 mile [Redacted] distribution system is 25 psig. However, the pressure regulator was correctly set at 23 psig and thus, the system was protected from exceeding its correct MAOP. PG&E has reviewed the pressure regulator maintenance records and found that the regulator has no history of failure. Thus, the first line of regulating pressure (the regulator) was properly employed and the second line of regulating pressure (the incorrectly set pressure relief valve) has not had to operate.

49 CFR §192.13(c) states, "Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part." In this instance, PG&E is not in compliance with PG&E's Utility Work Procedure WP4540-01, *District Regulator Station Maintenance*.

On March 21, PG&E replaced the relief valve with a new valve having a set point of 25 psig. PG&E also lowered the set point of the working regulator to 20 psig and performed a capacity calculation of the new relief valve.

PG&E is conducting a review of all North Bay Division District Regulator Data Sheets to ensure the correct MAOP of distribution systems is specified. The review is expected to be complete by April 13, 2012. The overpressure protection set points will be confirmed to be within the limits specified in WP4540-01. PG&E will report to the CPUC any additional instances of overpressure protection set points discovered to be above appropriate levels.

As discussed above, PG&E discovered this issue on March 14, 2012, and took immediate corrective action to replace the relief valve with one having a set point of 25 psig to provide the correct overpressure protection for the system. However, PG&E did not identify this issue as reportable under CPUC Resolution ALJ-274 until after ten calendar days had elapsed and apologizes for this notification delay.

PG&E will notify the local authorities for the County of Solano where the affected regulator station is located and will provide confirmation of notification as a supplement to this letter.

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

Sincerely,



Bill Gibson  
Director, Regulatory Compliance and Support

cc: Julie Halligan, CPUC  
Mike Robertson, CPUC  
Sunil Shori, CPUC  
Dennis Lee, CPUC

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