



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

February 22, 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
Missed Bi-monthly Cathodic Protection Monitoring in the Cities of Burlingame and
San Carlos, San Mateo County

Dear Ms. Cooke:

Pursuant to Resolution ALJ-274, PG&E is providing notification of a self-identified non-compliance issue regarding missed bi-monthly cathodic protection measurements on an 8-inch gas distribution feeder main in two locations in San Mateo County.

On January 26, 2012, a records review by a maintenance supervisor discovered that December 2011 pipe-to-soil potential (P/S) measurements for corrosion control monitoring on an 8-inch gas distribution feeder main were missed. As explained below, DOT regulations and PG&E standards require that P/S measurements be taken six times per year at intervals not to exceed 75 days. In this case, the P/S measurements were last taken on October 5, 2011 and should have been taken again in December 2011.

Subsequent to the P/S measurements in October, PG&E converted the cathodic protection maintenance schedule from the manual binder system to the new SAP Preventative Maintenance scheduling system. The intent of this improvement was to implement a system with electronic reminders so that scheduled P/S measurements were not missed. However, in the conversion from the binder-based system, these two locations were inadvertently placed on an incorrect maintenance schedule.

This is not in compliance with PG&E's Gas Standard & Specification O-16, "Corrosion Control of Gas Facilities," and 49 CFR 192.465(b) which provides that "Each cathodic protection rectifier or other impressed current power source must be inspected six times each calendar year, but with intervals not exceeding 2½ months, to insure that it is operating."

On January 27, 2012, PG&E conducted the preventative maintenance by taking P/S measurements at the Burlingame and San Carlos locations. The two P/S measurements were found to be below -850 millivolts (mV). Per Gas Standard & Specification O-16, cathodic protection systems are considered adequately protected when the lowest P/S potential is a minimum of -850 mV. Because the measurements did not meet this criterion, a corrective work order was created to schedule troubleshooting of this Cathodic Protection Area, and based on the troubleshooting results, PG&E will perform any corrective actions to restore cathodic protection.

A contract specialist working for the Peninsula Division Transmission & Regulation Supervisor has reviewed the SAP work tickets against the permanent cathodic protection maintenance binders for the entire year to confirm that all P/S measurement locations are accounted for. The specialist is continuing to review the Division SAP maintenance records against the permanent cathodic protection books prior to the start of each month. A full year's cycle of cathodic protection maintenance will be reviewed to ensure 100% accuracy of the SAP schedule is achieved.

Each division that is converting from the old manual binder scheduling system to the new SAP Preventative Maintenance scheduling system will make a monthly comparison of the two systems to ensure that all maintenance is scheduled correctly and performed on time.

As discussed above, PG&E discovered the issue on January 26, 2012, and the immediate corrective action to perform the required maintenance was performed on January 27, 2012. However, due to error and oversight, PG&E did not identify this issue as reportable under CPUC Resolution ALJ-274 until after ten days had elapsed. PG&E apologizes for the delay.

PG&E will notify the local authorities for the Cities of Burlingame and San Carlos and the County of San Mateo of this issue 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: Dennis Lee, CPUC
Mike Robertson, CPUC
Sunil Shori, CPUC

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