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June 12, 2012

General Jack Hagan, Director
Consumer Protection and Safety Division
California Public Utilities Commission
505 Van Ness Avenue, Room 2205
San Francisco, CA 94102-3298

Re: CPUC Resolution ALJ-274 Self-Identified Non-Compliance Notification
Update to January 27, 2012 Letter Regarding Maximum Allowable Operating
Pressure (MAOP) Separation Valve not Maintained in the City of Fresno, Fresno
County

Dear General Hagan:

As indicated in our self-identified non-compliance notification submitted to Ms. Michelle Cooke on January 27, 2012, regarding an MAOP separation valve not being maintained annually in the City of Fresno, PG&E committed to researching all of its distribution systems to ensure that all MAOP separation valves are being maintained annually.

PG&E has completed its research and identified the following three additional MAOP separation valves that were not maintained annually:

- 1) A two-inch bypass valve at a deactivated district regulator station in Sunnyvale had not been maintained since 1997. The regulator and piping adjacent to the regulator had been removed in 1997; however, the two-inch bypass valve remained connected to the gas system. It was incorrectly assumed that this valve connecting two different MAOP gas systems did not need to be maintained as an emergency valve. A pressure control fitting was installed and the upstream piping was cut and capped on January 30, 2012.
- 2) A three-inch bypass valve at a district regulator station in Scotts Valley could not be operated during the 2010 annual maintenance of the regulator station. The station has an alternative way to bypass the station, so it was assumed that the inoperable valve could remain connected to the system. The valve was removed on March 5, 2012.
- 3) An eight-inch MAOP separation valve in the City of Santa Clara, separating the 60 psig distribution system from the 180 psig distribution feeder main, became inoperable in 2007. It was incorrectly assumed that this valve connecting two

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different MAOP gas systems did not need to be maintained as an emergency valve. It was disconnected from the distribution system on May 24, 2012.

As noted in the January 27, 2012 letter, the next revision of the PG&E's Valve Maintenance Work Procedure will clarify the definition of valves requiring annual maintenance to include all MAOP separation valves. The next revision is expected to be issued at the end of 2012.

PG&E will notify the local authorities for the cities and counties where the affected valves are located and will provide confirmation of notification as a supplement to this letter.

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

Sincerely,

/S/
Bill Gibson
Director, Regulatory Compliance and Support

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

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