



Bill Gibson
Director, Regulatory Compliance
and Support
Gas Operations

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

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

June 13, 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
Regulator Station Maintenance Performed Late in the City of Manteca

Dear General Hagan:

Pursuant to Resolution ALJ-274, PG&E is providing notification of a self-identified non-compliance issue regarding a late inspection performed at a district regulator station located in the City of Manteca.

PG&E's Utility Standard S4540, "Gas Pressure Regulation Maintenance Requirements," specifies that an internal inspection ("B" inspection) of district regulator stations will be performed within one calendar year, not to exceed 15 months to the date, after any work involving cutting and welding downstream of the station filter and upstream of the regulation or overpressure protection equipment. PG&E defines a "B" inspection as the depressurizing of the station piping and the disassembling of the components of the regulator station. All internal components are inspected and all rubber parts are replaced. PG&E considers a "B" inspection to be necessary within one year after cutting or welding of the station piping to ensure that the regulating equipment has not been damaged due to loose debris that may have been caused by the cutting or welding activity. This requirement exceeds the federal code which can be met by annual external inspections.

PG&E's regulation station MA-HP-46 was re-built in October 2010, and should have been internally inspected by December 2011 to satisfy this PG&E requirement. This station received external inspections ("A" inspections) on January 27, 2011 and on March 20, 2012. These inspection intervals are within the timeframe specified in 49 CFR § 192.739. However, the "B" inspection of this station was not conducted until May 29, 2012, which exceeds the 15 month timeframe specified in Standard S4540.

A review of the maintenance documentation after the March 20, 2012 "A" inspection revealed the need to perform a "B" inspection. The maintenance plan had not been revised after the October 2010 re-build for a "B" inspection to be performed during the

General Jack Hagan
June 13, 2012
Page 2

next annual station maintenance. To minimize recurrence, the local maintenance organization will receive refresher training by June 15, 2012 on the need to perform internal inspections whenever cutting and welding has been performed at district regulator stations. In addition, PG&E is revising its work procedure for the processing and scheduling of project work, such as the re-build of this station. The revised work procedure will be communicated to affected employees system-wide by the end of December 2012. It will provide clear direction on the creation or modification of maintenance schedules for any work involving the installation, modification, and replacement of equipment.

PG&E will notify the local authorities for the City of Manteca and County of San Joaquin 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,

/S/
Bill Gibson
Director, Regulatory Compliance and Support

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

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