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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: Update to May 25, 2012 Resolution ALJ-274 Self-Identified Non-Compliance
Notification Regarding Distribution Feeder Main 401-01 Missed Leak Surveys,
Marin County

Dear General Hagan:

PG&E is providing an update to its May 25, 2012 notification of a self-identified non-compliance issue regarding missed annual leak surveys on gas distribution feeder main (DFM) 401-01 located in Mill Valley, Marin County.

In that notification, PG&E provided several longer term corrective actions and indicated it would complete those items by either June 30, 2012 or July 31, 2012.

PG&E plans to conduct leak surveys on, and review leak survey records of, all DFMs in close proximity to churches, schools and hospitals. Any such DFM found on a five year schedule will be placed on an annual. Also, PG&E's procedure for conducting leak surveys on gas transmission and distribution facilities, Utility Operating Standard S4110, will be evaluated for language clarity specific to conducting annual leak surveys on DFMs in the vicinity of schools and public assembly areas. This work will be complete by July 31, 2012. If PG&E finds additional instances of the above issue, we will report them to the CPSD.

PG&E has completed its review of DFMs in close proximity to churches, schools and hospitals. As a result of this review, PG&E has identified 140.21 miles of DFMs currently on a five year schedule needing to be placed on an annual. In addition, a secondary review is being performed by an outside consultant to ensure that PG&E is appropriately using the codes from our Public Assembly list to identify all churches, schools and hospitals in close proximity to our DFMs. The leak surveys of the identified 140.21 miles and secondary review of the data is ongoing, and PG&E plans to complete the leak survey work by December 31, 2012.

PG&E is continuing to evaluate Utility Operating Standard S4110 for language clarity specific to conducting annual leak surveys on DFMs in the vicinity of schools and public assembly areas. The evaluation is expected to be completed by December 31, 2012.

Furthermore, PG&E has started a system-wide quality assessment of its Leak Survey Program to identify areas in need of improvement. The assessment includes a review of processes, procedures and field personnel training. PG&E plans to have this assessment completed by June 30, 2012 in conjunction with an overall improvement plan. PG&E plans to begin implementation of this Leak Survey Implementation Plan shortly thereafter.

The quality assessment is a Lean Six Sigma assessment which has five distinct phases: Design, Measure, Analyze, Improve, and Control. PG&E has completed the first three critical phases and is currently in the "Improve" phase and working on all aspects of the "in scope" process, which includes rewriting some of the work procedures and processes, making recommendations for clarifying or improving leak survey frequency assignments, and reworking the leak survey schedule. This improvement work will extend through the remainder of the year with the goal of publishing the first revision of the Leak Survey & Response Manual by the end of 2012. Once the manual is completed, PG&E will implement a training, communication, and roll-out plan to the impacted employees.

Please contact Frances Yee at (925) 974-4316 or FSC2@pge.com for any questions you may have regarding this update.

Sincerely,



Bill Gibson
Director, Regulatory Compliance and Support

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

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