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December 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
Cathodic Protection Monitoring Performed Late in the City of Oakland

Dear General Hagan:

Pursuant to Resolution ALJ-274, PG&E is providing notification of a self-identified non-compliance issue regarding late cathodic protection monitoring performed at five isolated riser locations in the City of Oakland, Alameda County.

49 CFR §192.465(a) requires that pipelines be tested periodically to determine that an adequate level of cathodic protection is being provided. In the case of separately protected service lines, also referred to as "10%ers," §192.465(a) states: "At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period."

During the recent effort to establish cathodic protection maintenance schedules in the SAP Preventative Maintenance program for facilities in East Bay Division, five 10%er locations in Oakland were discovered to have been last tested over 10 years ago (two in 1998 and three in 2001). The locations were immediately scheduled and were tested on November 15, 2012. Two of the five locations had pipe-to-soil potential readings below -850 millivolts (mVs) and a third location had a -854 mV reading. Per Gas Standard and Specification O-16, cathodic protection systems are considered adequately protected when the lowest pipe-to-soil potential is a minimum of -850 mV. Because the measurements did not meet this criterion, anodes were installed at these three locations on November 28, 2012, and pipe-to-soil potential readings now demonstrate adequate levels of cathodic protection. The remaining two locations were determined to have adequate levels of cathodic protection and require no further action.

To prevent similar recurrences, PG&E is finalizing the entry and review of all known 10%ers throughout its system into the SAP Preventative Maintenance program by December 31, 2012 and is scheduling the cathodic protection testing of these facilities to

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be at nine-year intervals. If additional 10%er locations are discovered to have missed their 10-year testing as a result of this system-wide review, PG&E will notify CP&SD of these additional non-compliances.

PG&E will notify the local authorities for the City of Oakland and Alameda County 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,



Frances Yee
Acting Director, Regulatory Compliance and Support

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

Redacted
Redacted
Shilpa Ramaiya, PG&E