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March 6, 2013

General Jack Hagan, Director
Safety and Enforcement 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
Missed Atmospheric Corrosion Inspections on High Pressure Regulators

Dear General Hagan:

Pursuant to Resolution ALJ-274, PG&E is providing notification of a self-identified non-compliance issue regarding missed atmospheric corrosion inspections for 11 high pressure regulators (HPRs).

49 CFR §192.481(a) requires that onshore pipelines be inspected for atmospheric corrosion "at least once every 3 calendar years, but with intervals not exceeding 39 months."

A customer primary regulator, or "farm tap," is an HPR used to serve one or two customers directly from a transmission line or distribution feeder main rather than from a distribution system. Historically, farm taps received maintenance only when issues were reported. However, in 2009, PG&E recognized a gap in atmospheric corrosion inspection monitoring for farm taps and implemented Risk Management Instruction-12 (RMI-12) to establish an inventory of farm taps throughout the PG&E service territory. The results were used as the first step to conducting the required atmospheric corrosion inspections.

After completing the RMI-12 inventory effort, to date PG&E has found eleven previously unidentified farm taps (see Table 1). These were identified through various reviews and projects, including PG&E's HPR Replacement Program and the MAOP Validation Project. Five of the farm taps (#4 - 8) were identified in previous non-compliance notifications, dated May 18, 2012 and July 18, 2012, but those notifications did not address the atmospheric corrosion inspections.

Table 1: Farm Taps Identified Subsequent to RMI-12

Farm Tap	Division	Plat	City or County	Corrective AC Inspection Date
1	Central Coast	Redacted	Monterey County	2/25/2013
2	North Coast		Santa Rosa	2/19/2013
3	San Francisco		San Francisco	Removed
4	San Jose		Santa Clara County	6/20/2012
5	San Jose		Santa Clara County	6/20/2012
6	San Jose		Santa Clara County	6/20/2012
7	San Jose		Santa Clara County	6/20/2012
8	San Jose		Santa Clara County	6/20/2012
9	Yosemite		Madera County	2/20/2013
10	Yosemite		Stanislaus County	Removed
11	Yosemite		Stanislaus County	Removed

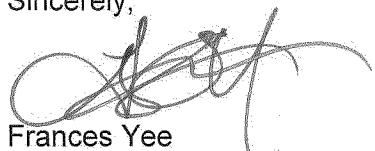
Following identification, each farm tap was inspected for atmospheric corrosion, except for three that were removed. Furthermore, PG&E is adding the remaining eight farm taps to its asset registry and will place each on appropriate maintenance schedules, in accordance with 49 CFR §192.481(a). PG&E will continue to identify any remaining farm taps throughout its system through the MAOP Validation Project, which is expected to be completed in April 2013.

PG&E is conducting a causal evaluation of this issue and based on the results of the evaluation, will develop the appropriate corrective actions to address this issue on a longer term or system-wide basis, if warranted.

PG&E will notify the local authorities for the appropriate cities and counties of this issue and will provide confirmation of notification as a supplement to this letter.

Please contact [Redacted] at [Redacted] or [Redacted] for any additional questions you may have regarding this notification.

Sincerely,



Frances Yee
Acting Director, Regulatory Compliance and Support

cc: Dennis Lee, CPUC
Liza Malashenko, CPUC
Mike Robertson, CPUC
Sunil Shori, CPUC

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Shilpa Ramaiya, PG&E