



**Pacific Gas and
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January 13, 2014

Brigadier 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
Inadequately Odorized Gas in Distribution Systems in Colusa County

Dear Brigadier General Hagan:

Pursuant to Resolution ALJ-274, PG&E is providing notification of a self-identified non-compliance issue regarding inadequately odorized gas delivered through Pacific Gas and Electric Company's natural gas distribution systems in the County of Colusa, including the unincorporated town of Princeton and the nearby Colusa Casino Resort.

The affected distribution systems are supplied with gas from local transmission pipelines Line 172A (L-172A) and Line 167 (L-167). PG&E normally supplies these transmission lines with odorized natural gas via the Gerber Compressor Station to the north, the Delevan Compressor Station to the west, and an Independent Storage Provider (ISP) at Gridley to the east. Additionally, the lines receive a proportionally small volume of unodorized gas from nearby California production wells. The supplied proportions normally result in an adequately odorized mixture.

However, on multiple occasions in 2013 and the beginning of 2014, the unodorized gas from the nearby production wells pooled in the local transmission lines, resulting in inadequately odorized gas being supplied to the distribution systems in Princeton and the nearby Colusa Casino Resort. A number of factors contributed to these events, including supply variability from the Compressor Stations and the ISP, maximum heating value limits for the Chico area, and reduced pressure conditions on L-167.

The transportation of inadequately odorized gas through distribution lines is not in compliance with 49 CFR 192.625(a) nor PG&E's Utility Standard TD-4570S, "Natural Gas Odorization," which require, "A combustible gas in a distribution line must... be odorized so that at a concentration in air of one-fifth of the lower explosive limit, the gas is readily detectable by a person with a normal sense of smell."

Upon discovery of this issue, PG&E performed the following corrective actions:

- On January 3, 2014, PG&E's Gas Quality Engineering approved an increase in the heating value limit for the Chico area, allowing more odorized gas to be supplied via Gerber Compressor Station. The increased heating value limit was determined to be within appropriate tolerances for safe operations.
- On January 5, 2014, PG&E conducted a special leak survey of the affected distribution facilities; no hazardous leaks were found.
- On January 5, 2014, PG&E shut in seven production wells that were supplying unodorized gas to L-167 and L-172A. On January 6, PG&E reconnected each well to its system, while constantly monitoring the system to ensure proper odorization.
- On January 6, 2014, PG&E confirmed that the affected distribution systems were delivering properly odorized gas, in accordance with PG&E's procedures and 49 CFR 192.625(a).

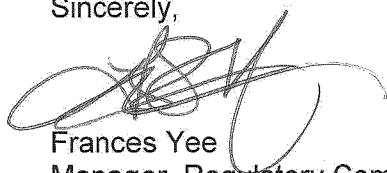
PG&E will continue to monitor the odorant levels for the area to ensure adequate odorization on an ongoing basis. Furthermore, PG&E has ordered additional odorizers to be installed in the area to improve odorization control. Field studies are being performed to determine appropriate locations for these odorizers to provide optimal odorization of the distribution systems.

PG&E is investigating this issue and will develop additional mitigation measures to prevent recurrence on a longer-term or system-wide basis, as warranted.

PG&E will notify the local authorities for the County of Colusa of this event and will provide confirmation of notification as a supplement to this letter.

Please contact Charles Chang at (925) 328-5727 or CYC8@pge.com for any additional questions you may have regarding this notification.

Sincerely,



Frances Yee
Manager, Regulatory Compliance

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

Larry Berg, PG&E
Larry Deniston, PG&E
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