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February 11, 2014

Denise Tyrrell, Interim Director
Safety and Enforcement Division
California Public Utilities Commission
505 Van Ness Avenue, Room 2205
San Francisco, CA 94102-3298

Re: Update to Corrosion Control-Related Self-identified Non-compliance Notifications
under CPUC Resolution ALJ-274

Dear Ms. Tyrrell:

This letter and attachments provide an update to nine corrosion control-related self-identified non-compliance notifications (self-reports), along with a summary of identified corrosion control issues and major program improvements that are underway.

On December 10, 2013, PG&E met with Ken Bruno of the California Public Utilities Commission (CPUC) Safety and Enforcement Division to review the potential grouping of the previous corrosion control-related self-reports and to provide a summary of PG&E's corrosion control program. Since that meeting, PG&E has continued to work on the comprehensive corrosion control program and is providing an update, which includes progress made on previously identified areas, as well as newly identified issues that are also being addressed.

PG&E continues to improve its corrosion control program to ensure public safety and meet all regulatory compliance requirements. Upon discovery of each previously reported non-compliance issue, PG&E took immediate actions, such as measuring cathodic protection levels, inspecting affected facilities, and servicing pipeline areas with inadequate protection, to maintain reliable asset performance and ensure each situation is safe (Attachment 1).

As a result of our continuous improvement efforts, PG&E has identified additional issues incremental to those previously reported. These include inadequate reevaluation of unprotected steel pipe in San Francisco Division, and inconsistent adherence to internal corrosion inspection procedures. These issues and PG&E's corrective actions are summarized with the major program improvements described in the attached Corrosion Control Programs Summary Update (Attachment 2). Improvements include publishing new and enhanced maintenance procedures and processes, revising risk identification measures, and utilizing new asset and work management tools. With the implementation

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of these improvements, PG&E is addressing corrosion control issues through a programmatic risk-based approach.

Through its continuous improvement efforts, PG&E may identify additional compliance issues or areas of improvement, and will incorporate these into its comprehensive corrosion control program. PG&E will meet with the CPUC to establish a communication schedule regarding the progress of the corrosion control program.

PG&E will notify the local authorities for the City and County of San Francisco regarding the issue of inadequate reevaluation of unprotected steel pipe, and will provide confirmation of notification as a supplement to this letter.

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

Sincerely,

/S/

Bill Gibson
Director, Codes and Standards

Attachments

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

[Redacted] PG&E
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Shilpa Ramaiya, PG&E
Sumeet Singh, PG&E