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February 24, 2012

Ms. Michelle Cooke, Director  
Consumer Protection and Safety Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 2005  
San Francisco, CA 94102-3298

Re: CPUC Resolution ALJ-274 Self-Identified Non-Compliance Notification  
Underrated Valve Installed at District Regulator Station, Fresno County

Dear Ms. Cooke:

Pursuant to Resolution ALJ-274, PG&E is providing notification of a self-identified non-compliance issue regarding the installation of an underrated valve at District Regulator Station E-07, which is tapped off of Kerman Distribution Feeder Main (DFM) 7212-01 (approximate Mile Point 3.6) in Fresno County.

On February 14, 2012, a new valve, with a manufacturer's shell test pressure of 450 pounds per square inch gauge (psig) and a maximum working pressure rating of 275 psig, was installed as an inlet valve at District Regulator Station E-07. The pipeline that feeds this regulator station, DFM 7212-01, has an MAOP of 283 psig.

Approximately 39 minutes after the valve installation was completed, a maintenance and construction employee was reviewing the construction records and discovered that the incorrectly rated valve was installed in the system. A request to temporarily reduce operating pressure (TROP) in DFM 7212-01 was initiated, and on February 16, 2012, the TROP for DFM 7212-01 was put into place. PG&E reviewed the SCADA records for the time period of February 14 to February 16, 2012 to determine if the pressure rating of the valve was exceeded prior to the TROP going into effect. The SCADA point measured at the Kerman Regulator Station, the source of gas for DFM 7212-01, momentarily reached 276 psig on several instances. The SCADA point is approximately 3.2 miles upstream of the valve location. Using a conservative assumption for DFM 7212-01 line pressure drop (based on average summer day customer load), the line pressure at this valve location dropped to 273 psig. Therefore the pressure rating of the valve was not exceeded prior to issuance of the TROP.

However, installation of this valve is not in compliance 49 CFR 192.143(a), which states, *"Each component of a pipeline must be able to withstand operating pressures and other anticipated loadings without impairment of its serviceability with unit stresses equivalent to those allowed for comparable material in pipe in the same location and kind of*

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service.” and 49 CFR 192.145(c), which states, “Each valve must be able to meet the anticipated operating conditions.”

On February 16, 2012, PG&E established the new maximum operating pressure for DFM 7212-01, including the inlet to District Regulator Station E-07, as 275 psig so that the rating of the inlet valve would not be exceeded. The valve will be replaced with a new valve having the appropriate rating (720 psig) for the MAOP of DFM 7212-01.

The preliminary root cause is that the wrong valve design was specified in the construction drawing and was not field verified for rating prior to installation. PG&E will conduct a critique of this event and develop corrective actions to prevent recurrence.

PG&E will notify the local authorities for the City of Kerman and the County of Fresno of this issue and will provide confirmation of notification as a supplement to this letter.

Please contact Larry Berg at (925) 974-4084 or [LMB5@pge.com](mailto:LMB5@pge.com) for any additional questions you may have regarding this notification.

Sincerely,



Bill Gibson  
Director, Regulatory Compliance and Support

cc: Dennis Lee, CPUC  
Mike Robertson, CPUC  
Sunil Shori, CPUC  
Larry Berg, PG&E  
Larry Deniston, PG&E  
Shilpa Ramaiya, PG&E  
Frances Yee, PG&E