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February 19, 2016

Elizaveta Malashenko  
Director – Safety and Enforcement Division  
California Public Utilities Commission

Re: CPUC Directive to California Owners and Operators of Underground Gas Storage Facilities

Dear Ms. Malashenko:

In response to your January 26, 2016, directive to California owners and operators of underground gas storage facilities, PG&E submitted its leak survey plan to the CPUC on January 27, 2016. PG&E is now submitting the attached report of results for the leak surveys conducted on wellheads, related compressor stations and pipelines used for injection and withdrawal as outlined in the January 27, 2016 leak survey plan. This report provides the number of leaks repaired and the number scheduled for repair at PG&E's McDonald Island, Los Medanos, and Pleasant Creek gas storage facilities. Of important note, PG&E is continuing to conduct daily inspections and leak surveys on the wellheads for the three storage fields owned and operated by PG&E, McDonald Island, Los Medanos, and Pleasant Creek.

Responding to the CPUC's recent directive, PG&E's leak survey was completed by February 1, 2016 for Los Medanos, Pleasant Creek and all of McDonald Island except for the underground pipelines located outside the fenced wellhead areas, compressor station, and a section of underground piping extending to the Roberts 1, Roberts 2 and Tilden 1 wells, at McDonald Island, as referenced in the attached map. The leak survey performed on the underground pipelines outside the fenced wellhead areas was completed on February 9, 2016, and no leaks were identified. The compressor station is currently shut-in and depressurized for planned construction activities; once the station resumes normal operation, PG&E will perform a leak survey and provide the results to the CPUC. The section of pipeline extending to Roberts 1, Roberts 2 and Tilden 1 wells is currently shut-in for planned inspections and is not transporting natural gas; when the inspections are completed and the pipeline resumes normal operations, PG&E will leak survey the section of this pipeline and provide the results to the CPUC.

PG&E notes that no leaks were identified on well production casings or the transmission pipe body and were also not located in close proximity to any buildings intended for human occupancy or found migrating to a confined space. PG&E identified a total of 84 leaks on

above-ground fittings, valves, and flanges except for one leak located below-ground on a transmission pipe flange downstream of the wellhead, which has been repaired as a result of the completed leak survey activities. PG&E has since completed repairs and/or otherwise mitigated 60 leaks in accordance with the conservative application of PG&E's procedure. PG&E shares the SED's focus on the continued safety of PG&E's natural gas system and while PG&E believes these leaks do not pose an immediate threat to public safety, PG&E is committed to addressing them quickly and completely. The results of the leak survey findings are included below:

- Eight total leaks required prioritized repairs and were isolated, and are no longer releasing natural gas. Of the eight leaks, six repairs have been completed and the remaining two repairs are on the wellhead equipment and require third-party vendor assistance.
- 18 total leaks require repair within 18 months and do not require immediate repairs but PG&E has already completed 13 repairs. The remaining five are planned to be completed in accordance with the schedule referenced below.
- 58 total leaks require monitoring and do not require immediate repairs but PG&E has already completed 41 repairs. The remaining 17 are planned to be completed in accordance with the schedule referenced below.

Of the 24 leaks that are pending repairs, PG&E plans to complete 15 of the leak repairs by the end of February 2016. PG&E will provide an additional update(s) to the CPUC when these repairs are completed. In order to address the remaining nine leaks that are associated with the wellhead equipment, PG&E is coordinating with a third-party vendor to assist in assessing and repairing these leaks. PG&E estimates to complete the wellhead leak repair assessments by the end of February 2016 and will subsequently provide an update to the CPUC following vendor assessment on the plan to repair/mitigate these nine leaks.

PG&E is also providing a copy of this response to DOGGR as directed.

Please contact Larry Deniston at (925) 328-5756 or LCD1@pge.com for any questions you may have regarding this response.

Sincerely,

/S/  
Sumeet Singh

cc: Dennis Lee, CPUC  
Kenneth Bruno, CPUC  
Ken Harris, DOGGR

Michael Falk, PG&E  
Larry Deniston, PG&E

Enclosures