

From: Clanon, Paul
Sent: 9/12/2010 4:15:33 PM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Cc:
Bcc:
Subject: Fwd: CPUC Orders PG&E to Take Specific Action Related to San Bruno Explosion, Including Inspection of Natural Gas System: CPUC Press Release and Memo

Begin forwarded message:

From: "Prosper, Terrie D." <terrie.prosper@cpuc.ca.gov>
Date: September 12, 2010 4:14:10 PM PDT
To: "Prosper, Terrie D." <terrie.prosper@cpuc.ca.gov>
Subject: CPUC Orders PG&E to Take Specific Action Related to San Bruno Explosion, Including Inspection of Natural Gas System: CPUC Press Release and Memo

Below is a press release from the California Public Utilities Commission re: the San Bruno explosion. Following the press release is a memo from our President to our Executive Director, which provides additional information on the CPUC's actions.

- Terrie Prosper, Director, News & Public Information Office, California Public Utilities Commission, tdp@cpuc.ca.gov; (415) 703-1366

PRESS RELEASE

FOR IMMEDIATE RELEASE

**CPUC ORDERS PG&E TO TAKE SPECIFIC ACTION
RELATED TO SAN BRUNO EXPLOSION, INCLUDING
INSPECTION OF NATURAL GAS SYSTEM**

SAN FRANCISCO, September 12, 2010 – The California Public Utilities Commission (CPUC) today said it will order Pacific Gas and Electric Company (PG&E) to inspect its natural gas system as a result of the explosion in San Bruno on Sept. 9, 2010.

The CPUC received a letter yesterday from Acting Governor Maldonado asking the CPUC to order PG&E to, among other things, conduct an integrity assessment of its natural gas pipeline system.

Said CPUC President Michael R. Peevey, “I thank Acting Governor Maldonado and want to assure him, the Governor, and the residents in PG&E’s service territory that we are taking immediate action. I intend to appoint an independent expert panel to assist in our investigation. In addition, we will direct PG&E to immediately begin an inspection of its natural gas transmission system, as well as to take other immediate actions to ensure safety and to assist in our investigation.”

The CPUC will direct PG&E to:

- Conduct leak surveys on all natural gas lines, giving priority to transmission (higher pressure) pipelines, and to Class 3 and Class 4 segments of such lines (i.e., those in areas of highest population density), and keep the affected segment of Line 132 out of service until the CPUC directs otherwise.
- Preserve all records and accident reports from the San Bruno incident, including work at the Milpitas Terminal during the month of September 2010, and ensure that all PG&E employees and contractors are available for interviews with federal and state investigators, including any requested examinations under oath. PG&E should also retain all records of work performed by PG&E or its contractors on Line 132 in the City of San Bruno.
- Review and report the classification of their natural gas transmission lines and determine if the classification has changed since the initial designation.
- Report immediately to the CPUC on procedures for responding to gas leak reports, and provide specific data on all leak reports and PG&E’s response for a recent period, system-wide, and in the affected area.
- Investigate and report to the CPUC on PG&E’s authorized versus actual levels of spending on pipeline safety and pipeline replacements from 2005 to the present.

The CPUC is entrusted with safety jurisdiction for gas pipeline systems in the state by legislative mandate. The CPUC is working side-by side with the

National Transportation Safety Board, the lead investigator, to determine the cause of the San Bruno explosion. The CPUC has established a toll-free number and an email address for anyone who has information on a natural gas smell in the San Bruno area in the weeks before Sept. 9, 2010. The number is 800-789-0550 and the email address is SBFire@cpuc.ca.gov.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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MEMO

September 12, 2010

To: CPUC Executive Director Paul Clanon

From: CPUC President Michael R. Peevey

Re: San Bruno Explosion

Executive Director Clanon,

I direct you to take the following steps in response to the San Bruno explosion and our investigation.

I direct you to order PG&E to immediately undertake the following actions:

- 1) Conduct leak surveys on all natural gas lines, giving priority to transmission (higher pressure) pipelines, and to Class 3 and Class 4 segments of such lines (i.e., those in areas of highest population density), and keep the affected segment of Line 132 out of service until the CPUC directs otherwise.
- 2) Preserve all records and accident reports from the San Bruno incident, including work at the Milpitas Terminal during the month of September 2010, and ensure that all PG&E employees and contractors are available for interviews

with federal and state investigators, including any requested examinations under oath. PG&E should also retain all records of work performed by PG&E or its contractors on Line 132 in the City of San Bruno.

- 3) Review and report the classification of their natural gas transmission lines and determine if the classification has changed since the initial designation.
- 4) Report immediately to the CPUC on procedures for responding to gas leak reports, and provide specific data on all leak reports and PG&E's response for a recent period, system-wide, and in the affected area.
- 5) Investigate and report to the CPUC on PG&E's authorized versus actual levels of spending on pipeline safety and pipeline replacements from 2005 to the present.

I also direct you to take the following actions:

- 1) Ensure that we are utilizing appropriate staffing levels in our investigation.
- 2) Recommend any emergency orders needed for action at the CPUC's Sept 23, 2010, business meeting.
- 3) Work closely with the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration to determine if there are additional immediate corrective actions that could be taken with PG&E.
- 4) Convene an independent expert panel to assist us in our investigation and ensure CPUC staff coordination with the panel.
- 5) Provide confidential updates to the Commissioners on a regular basis on the status and preliminary findings of our investigation, and on the directives contained in this memo.

Sincerely,

Michael R. Peevey