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September 20, 2010

**VIA U.S. MAIL AND E-MAIL**

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Commissioner Timothy Alan Simon  
Administrative Law Judge John S. Wong  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**Re: A.09-09-013**

Dear Commissioner Simon and Administrative Law Judge Wong:

I am writing on behalf of the parties, other than Pacific Gas and Electric Company (“PG&E”), that have entered into the proposed settlement in the above-captioned proceeding (“Settlement Parties”). Your September 15, 2010 ruling in this proceeding requested the parties to address in their comments on the proposed settlement several questions arising from the September 9, 2010, explosion in San Bruno. In particular, parties are requested to address whether the proposed settlement provides sufficient funds for PG&E to undertake a thorough safety inspection of its gas system, whether PG&E has appropriately prioritized its O&M work and capital expenditures in light of the relevant risks and whether a mechanism is in place to ensure that safety-related work is actually performed by PG&E.

The Settlement Parties agree that these are important questions that the Commission should consider in light of the San Bruno explosion. While the proposed settlement provides funding for pipeline inspection and maintenance, the use of that funding, the priority given to specific projects and the potential to reallocate funds to or from other areas are ordinarily matters for PG&E’s management discretion. For that reason, the Settlement Parties believe that PG&E should first present its views on these questions and provide support for its views, so that our comments can be informed and helpful to the Commission.

Accordingly, while the Settlement Parties will be providing testimony today on the proposed settlement in accordance with the schedule for this proceeding, the Settlement Parties will not be providing comments today addressing the pipeline safety issues raised in the September 15 ruling. It is the understanding of the Settlement Parties that PG&E intends to provide comments today in response to the September 15 ruling, including with respect to the pipeline safety issues, and we have every intention of providing reply comments on these issues on September 30 in

accordance with your ruling. Depending upon the nature of PG&E's comments, our reply comments may involve substantive recommendations, or we may propose additional procedural mechanisms to address the Commission's questions.

Thank you for your consideration.

Sincerely,



Joseph M. Karp