



**Pacific Gas and
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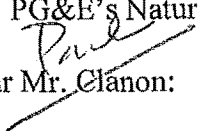
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September 23, 2010

Paul Clanon, Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94192-3298

Re: PG&E's Natural Gas System Safety Inspection Plan


Dear Mr. Clanon:

In your letter to PG&E dated September 13, 2010, you directed PG&E to take several actions with respect to its natural gas pipelines. That request was reiterated in the Commission's Resolution L-403 of today. This letter transmits PG&E's response to Item 5 in your letter (Ordering Paragraph 14 of Res. L-403) specifically requesting PG&E to:

Prepare a plan for a complete safety inspection of PG&E's entire natural gas transmission pipeline system and provide the plan to me no later than September 23, 2010

PG&E's comprehensive safety inspection plan includes elements that also respond to specific directives in your September 13, 2010 letter and were provided in PG&E's September 20 letter response, but are included here for completeness of this response. PG&E's plan is as follows:

Gas Transmission System Leak Surveys

1. PG&E completed a leak survey of its four gas transmission lines emanating from PG&E's Milpitas Terminal, specifically, Lines 100, 101, 109 and 132. As has been previously reported, one gas transmission leak was found at a valve on gas transmission Line 300A within Milpitas Terminal and repaired. PG&E will complete an aerial leak survey using laser detection technology of its entire gas transmission system by October 12, 2010. This will be followed by field evaluation wherever there are indications of possible leaks identified by aerial instruments, and repairs will be made as necessary whenever leaks are found. PG&E will also complete leak surveys using traditional methods for all Class 3 locations, Class 4 locations, and High Consequence Areas (HCAs) on its system and report the results by October 12, 2010. Leak surveys using traditional methods for Class 1 and Class 2 pipelines will be completed by December 15, 2010. PG&E will notify the Commission of any impacts the weather may have on its planned surveys.
2. PG&E will perform weekly ground patrols of Line-132 from Milpitas to San Francisco. These patrols will consist of a visual inspection of the route to identify any third party activities or changes along the pipeline that could impact the safety or reliability of the line. PG&E will continue these weekly patrols until more is known about the cause of the San Bruno event.

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3. PG&E will analyze all leak information gathered through its aerial and ground leak surveys to identify any trends. PG&E will develop a specific action plan to address any trends identified and review its recommendations with the CPUC by January 31, 2011.
4. PG&E will conduct instrument surveys over all gas transmission mains in San Bruno using (CIS) Close Interval Survey, (DCVG) Direct Current Voltage Gradient and (PCM) Pipeline Current Mapper tools, to provide a more detailed assessment of the pipe and pipeline coating, and report results on or before October 12, 2010.

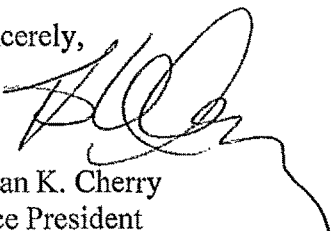
Gas Transmission System Records Validation

1. PG&E will review the classification of our natural gas transmission lines and determine if the classification has changed since the initial designation and will report the results by Monday, October 4, 2010. (Your September 13 letter, item # 9; Resolution L-403, Ordering Paragraph 19)
2. PG&E will perform a system-wide verification of pipeline class locations designations. PG&E will complete the review, change its records and practices accordingly and report the results by June 30, 2011.

As we indicated in our September 20 letter, we recognize that the results of the NTSB and CPUC investigations regarding the root cause of the pipeline rupture may lead us or the CPUC to redirect some of our efforts. We are of course prepared to respond quickly to any request that you may have to undertake a higher-priority activity.

Please contact me if you have any questions about PG&E's natural gas transmission system safety inspection plan.

Sincerely,



Brian K. Cherry
Vice President