

October 4, 2010

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

Re: PG&E's Response to CPUC Resolution L-403

Dear Mr. Clanon,

In your letter to PG&E dated September 13, 2010 and in the Commission's Resolution L-403, PG&E was directed to take several actions with respect to its natural gas transmission pipelines. This letter transmits PG&E's response to Items 4, 9 and 10 in the September 13, 2010 letter and Ordering Paragraphs 13, 18, 19 and 20 of Resolution L-403.

Resolution L-403, Ordering Paragraph 13

In combination, Item 4 in the September 13, 2010 letter and Ordering Paragraph 13 Resolution L-403, require the following:

PG&E shall evaluate records of customer natural gas leak-complaint response times and response effectiveness system-wide, take immediate mitigation measures if deficiencies are found, and report the results to the Executive Director within ten (10) days of the date of Resolution L-403

As stated in its September 20, 2010 letter, PG&E does not have any record of customer leak "complaints" in 2010. In the normal course of business, PG&E does receive calls from customers regarding possible gas odors and gas leaks. When a customer calls PG&E's contact centers to report a suspected gas odor or gas leak, the calls are classified as field orders requiring either "immediate response" or "same day" response. This distinction takes into consideration a number of factors including whether the customer can hear hissing or blowing and how strong the odor is. Additionally, even if these conditions are not met, if the customer seems anxious, the field order is issued as an immediate response order.

PG&E has set an internal goal of responding to 94 percent of all immediate response calls in one hour or less from when the call is received. The immediate response metric takes into consideration calls from customers, as well as all other calls that require immediate response (e.g., calls from emergency service agencies, gas leaks called in by PG&E employees or contractors performing system leak surveys, calls from third-party contractors who may find a potentially hazardous gas leak or carbon monoxide issue while providing weatherization services to customers).

Year to date through September 15, 2010, system-wide PG&E has responded to 94.2 percent of all immediate response calls within one hour, with an average response time of 33 minutes and 24 seconds. Also, year to date through September 15, 2010, PG&E has

responded to 97.5 percent of all same day gas leak and gas odor calls within 12 hours, with an average response time of 3 hours and 33 minutes.

Each week, missed immediate response field orders are reported and reviewed to identify trends, root causes and areas requiring improvement. The primary drivers of missed immediate response field orders are: 1) immediate response calls received during times when field staffing is lower, (e.g., during the swing shift (typically from 4 p.m. to midnight) and the graveyard shift (typically from midnight to 8 a.m.)); 2) changing field conditions requiring the transfer of the field order from the initial field employee to a second field employee; 3) field employees delayed due to the need to complete an in-progress field order; and 4) long travel times due to field employees covering large, sparsely populated geographic areas or traffic delays during heavy travel times. PG&E promptly addresses deficiencies in its process through training, modifications to staffing, and discipline as appropriate.

Resolution L-403, Ordering Paragraphs 18 and 19

In combination, Item 9 in the September 13, 2010 letter and Ordering Paragraphs 18 and 19 of Resolution L-403, require the following:

PG&E shall review the classification of its natural gas transmission pipelines and determine if the classifications have changed since the initial designation. PG&E shall report the results of its review of the classification of its natural gas transmission lines and any subsequent changes to those classifications since PG&E's initial designation to the Executive Director within ten (10) days of the date of Resolution L-403.

PG&E interpreted this directive to mean that it would review its facilities and records to determine if field conditions have changed to warrant a reclassification of any segment of its pipelines. PG&E completed the review of its gas transmission pipelines operating at pressures greater than 60 pounds per square inch gauge (PSIG) totalling approximately 6,700 miles of pipeline as directed. PG&E's review utilized its gas transmission pipeline database to compare the classification recorded at initial installation to the current classification. This comparison identified 1,057 miles of pipeline where the current classification is different from the initial classification.

Resolution L-403, Ordering Paragraph 20

In combination, Item 10 in the September 13, 2010 letter and Ordering Paragraph 20 of Resolution L-403, require the following:

PG&E shall investigate and report to the Commission PG&E's forecasted versus actual levels of spending on pipeline safety and pipeline replacements from 2003 to the present within ten (10) days of the date of Resolution L-403.

PG&E interpreted this directive to apply to pipelines covered by Gas Transmission and Storage rate cases and provides the details of the required comparison in Attachment 1 to this letter. In summary, PG&E actually spent \$698 million, or \$23 million more than authorized for the period 2003 through 2009 for work specific to pipeline safety and replacement as determined by examining expenditures in PG&E's work categories for Integrity Management, Pipeline Reliability, System Maintenance, and Mark and Locate.

Please contact me if you have any questions about this report or other matters related to PG&E's natural gas transmission system.

Sincerely,

Cc:

Patrick Berdge, Legal Division
Joe Como, DRA