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Sent: 12/2/2010 10:42:52 AM
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Cc:
Bcc:
Subject: FW: Studying Our Natural Gas System
FYI

From: A Message from Peter Darbee and Chris Johns
Sent: Thursday, December 02, 2010 10:34 AM
To: All PGE Corp Employees; All PG&E Mail Recipients
Subject: Studying Our Natural Gas System

PG&E Employees:

Today the Boards of Directors of PG&E Corporation and Pacific Gas and Electric Company announced that they are commissioning an independent study of system practices related to our gas transmission and distribution system. We appreciate and fully support the Boards' decision to engage a third party to lead this review, which will play a vital role in ensuring the integrity of those systems.

The study, which will be conducted by Process Performance Improvement Consultants (PPIC), will include a comprehensive assessment of pipeline inspections, maintenance, planning, engineering, and accident prevention, as well as our existing safety culture and practices. By comparing PG&E's practices to those employed across the utility industry, this review will provide valuable insight into potential areas of improvement as we learn all that we can following the San Bruno accident.

Importantly, to ensure complete transparency, PPIC will report into a Special Review Committee of independent, outside directors, led by Lee Cox. A final report from PPIC is expected in the third quarter of 2011.

As the National Transportation Safety Board and California Public Utilities

Commission continue their investigations into the events of September 9 in San Bruno, it is our hope that this independent assessment will further demonstrate PG&E's commitment to public and employee safety.

Please take a moment to read the press release below announcing this important step toward further ensuring the integrity of our gas transmission system.

Peter Chris

PG&E DIRECTORS COMMISSION INDEPENDENT STUDY OF UTILITY'S NATURAL GAS SYSTEM

SAN FRANCISCO, CA -- The Boards of Directors of PG&E Corporation (NYSE: PCG) and Pacific Gas and Electric Company announced today that they have retained Process Performance Improvement Consultants (PPIC), a unit of the Blacksmith Group, to conduct an independent review of PG&E's natural gas transmission and distribution system practices. The review, following the September 9, 2010, San Bruno, California natural gas transmission line accident, is intended to identify key industry model practices and steps PG&E can take to provide confidence it is following those practices in the operation and maintenance of its natural gas system.

The review will include an assessment of current and emerging industry practices relating to gas transmission and distribution system inspection, accident prevention, maintenance, capital and expense planning, and engineering. It also will include an evaluation of PG&E's safety practices and culture, and recommend changes where appropriate. The review is expected to be completed by the third quarter of 2011. The work by PPIC will be overseen by a Special Review Committee of the Boards of Directors comprised solely of independent outside directors.

While the California Public Utilities Commission and the National Transportation Safety Board both have investigations into the accident and its cause underway, the Boards of PG&E Corporation and Pacific Gas and Electric Company have concurrently initiated an

independent, forward-looking review of leading industry practices relating to PG&E's natural gas operations to provide an added measure of focus on public safety practices by the company.

PG&E's lead independent director, Lee Cox, said, "While others are looking into the cause of the tragic accident in San Bruno, the Board feels it is important to thoroughly and independently evaluate the company's natural gas transmission and distribution practices to make sure PG&E emerges from this tragedy as an industry leader in gas pipeline safety and operations. We owe no less to our customers and our shareholders."

Cox added that the Board will make public the findings of the review once it has been completed, and that it will work with company management to achieve rapid and appropriate action on any recommendations contained in the review.