

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 26, 2011

The Honorable Jerry Hill
Assemblymember, 19th District
P.O. Box 942849
Sacramento, CA 94249

Re: Pacific Gas and Electric Company Pressure Increases

Dear Assemblymember Hill:

This letter is responsive to your January 19, 2011 letter to CPUC President Michael Peevey. In your letter, you expressed concern regarding PG&E's practice of temporarily increasing the pressure on certain of its transmission lines to the maximum allowable operating pressure (MAOP). You also requested that the CPUC request certain information from PG&E and make copies of that information available to your office by February 1, 2011. Lastly, you asked that the CPUC take a strong stance and enforce the NTSB's January 3, 2011, recommendations.

After the NTSB released findings on December 14, 2010 that PG&E's records misidentified the pipeline in San Bruno the CPUC acted immediately and ordered PG&E to reduce pressure on other pipelines that were of the same size and age as the San Bruno pipeline and that did not have pressure test records. Additionally, on January 3, 2011, immediately following the NTSB's recommendations, the CPUC ordered PG&E to comply with the recommendations, including conducting a complete records search to provide the CPUC with evidence that all of its natural gas pipelines have been properly tested to set the safe operating pressure. This included an expansion of the records search PG&E was conducting and performing a comprehensive search for records relating to all pipeline system components for PG&E natural gas transmission lines in class 3 and class 4 locations and class 1 and class 2 high consequence areas that have not had their maximum allowable operating pressure established through prior hydrostatic testing. PG&E must report its progress by February 1, 2011, and final results by March 15, 2011.

The CPUC also directed the state's other natural gas pipeline operators - Southern California Gas Company, San Diego Gas & Electric Company, and Southwest Gas Corporation - to report on the steps they are taking in response to the NTSB's recommendations.

The CPUC has also already instructed PG&E to provide us with information on the pressure increases that you have referenced. The CPUC has identified the dates, times and locations of the pressure increases. We are in the process of gathering the balance of the information you have requested, and will have all but two of the items in our offices by February 1, 2011. The remaining two items will be received in our offices by March 15, 2011. The remaining two items are:

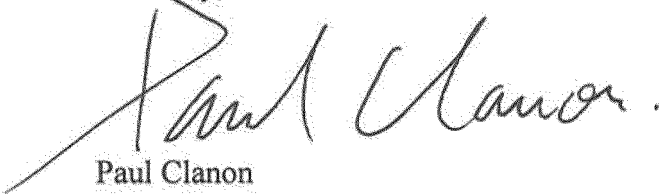
- Methodology used in establishing and validating the MAOP of each affected line
- Copy of the maintenance records for each pipe

We have already required PG&E to provide us with this information. Due to the volume of records PG&E must review and the necessity of making sure they conduct a complete search, PG&E cannot provide these records by February 1. We will provide you with copies of the information you have requested as soon as we receive them, but no later than February 1, 2011 and March 15, 2011.

Since the explosion in San Bruno we have not hesitated to order PG&E to reduce pressure in other pipelines when there is a risk other pipelines could be operating at too high pressure. If there is evidence that PG&E has misidentified the safe operating pressure of other pipelines the CPUC will act without delay to ensure the safety of the public.

Please feel free to contact us should you have any further questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Clanon". The signature is written in a cursive style with a large initial "P".

Paul Clanon
Executive Director