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September 26, 2011

Mr. Paul Clanon
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: September 27-30 Site Visit by CPSD, including consultant [Redacted]

Dear Mr. Clanon:

I write ahead of the upcoming site visit by the Consumer Protection and Safety Division (CPSD) consultant [Redacted], scheduled to occur on September 27th through 30th. PG&E looks forward to assisting Mr. Robertson and CPSD staff. To that end, PG&E has identified subject matter experts knowledgeable in Industrial Control Systems (ICS), Geographic Information System (GIS), Information Technology (IT), and related security controls who will be available to Mr. [Redacted] to provide information and answer questions regarding these topics. In addition, as requested, Mr. [Redacted] will have hands-on access to PG&E's ICS and GIS.

Following the San Bruno tragedy, PG&E recognized the need to reevaluate its gas organization, to take corrective action where appropriate, and to improve its operations from top to bottom. As part of this effort, our ICS, GIS, and underlying IT infrastructure must be improved and we are taking actions to make such improvements.

We understand how critical it is for gas operations to have reliable and secure control systems if the Company is to provide safe and reliable delivery of gas to our customers. A gas operator needs real-time access to high quality information to anticipate and respond to abnormal situations.

We are working now to build a state-of-the-art ICS utilizing advanced technology and security protections. We will be improving the quality of information available to operators by building into ICS better and more pipeline pressure and flow information. In addition, we plan to install advanced automated alarm management tools to improve alarm analysis. And, we will be installing automated and remotely operated pipeline valves to enhance our ability to isolate or shutdown pipeline segments in an emergency.

To improve the reliability, integrity, and availability of the ICS, we are developing and implementing a comprehensive unified controls framework consistent with best accepted practices in the industry. This framework will focus on practices in assessing, preventing,

detecting, and responding to potential threats (e.g. physical, logical, and personnel) to PG&E's system. Areas of focus include access control for both the ICS and underlying infrastructure; training of operators on proper use of controls and reporting; continuous monitoring of controls and system configuration; independent assessments; and business continuity and disaster recovery capabilities.

We also need to improve GIS. We are going to restructure the existing GIS based on the linear referenced Pipeline Open Data Standard (PODS) model. This model better manages asset information and is considered an industry best practice. Enhancing the GIS data management platform will also help us improve the quality and retrievability of our pipeline data. As part of the Maximum Allowable Operating Pressure (MAOP) validation and other on-going efforts, we are reviewing, digitizing, and validating millions of pipeline documents. Our plan is to integrate this data into an enhanced GIS. We further plan to validate pipeline maintenance and inspection information and migrate it from disparate databases into a central SAP database. The central SAP data will ultimately be linked directly with GIS and will allow GIS users to obtain comprehensive asset information from a single data management system.

In addition, we will be improving our emergency response processes. An assessment is underway to establish a distribution control center that will be co-located with the transmission gas control center. By co-locating these centers PG&E expects to improve data and information sharing for assessing potential pipeline incidents and improving emergency response.

In sum, PG&E recognizes it needs to improve its gas operation systems. We welcome Mr. Redacted visit and any suggestions that may come out of it. We will provide the Commission, its staff and consultants unfettered and transparent access to PG&E facilities and personnel.

Sincerely,



Nick Stavropoulos
Executive Vice President, Gas Operations

cc: Michelle Cooke, Acting Director, CPSD
Julie Halligan, Deputy Director, CPSD
Michael Robertson, Program and Project Supervisor, USRB
Dennis Lee, Sr. Utilities Engineer, USRB
Matt Epuna, Utilities Engineer, USRB
George Carter, Utilities Engineer, USRB
Redacted Consultant to CPSD