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October 24, 2011

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

Re: Upcoming Site Visits Relating to Recordkeeping OII Proceeding

Dear Mr. Clanon:

For two weeks beginning October 25, 2011, the CPUC Legal Division and its consultants will conduct field visits at PG&E facilities. The visits follow other preliminary visits by Legal Division undertaken as part of the Order Instituting Investigation proceeding into PG&E's past recordkeeping practices. I write to give you my assurance that PG&E will continue to support these site visits by providing unfettered access to PG&E's gas facilities and records. As explained further below, I also write to outline the steps that PG&E is now taking to evaluate and address the gas transmission organization's records challenges.

PG&E continues to assess its existing pipeline data and information management systems and understand what data is missing, what data is inaccurate, and what data is not readily retrievable. A key component of this evaluation is PG&E's Records Verification and MAOP Validation effort – begun in response to the NTSB's January 3<sup>rd</sup> Recommendations. As part of that effort, we have already electronically scanned 2.1 million paper records formerly housed in various locations throughout PG&E's system. Using these records, we are creating pipeline features lists containing important pipeline safety information.

Our efforts to improve pipeline data and records management will go beyond the MAOP Validation effort. In September, PG&E issued a Request for Information (RFI) soliciting the help of outside consultants to help PG&E improve its records management and document retention practices. In early October, numerous consultants responded to the RFI and made initial presentations to the Company. We are in the process of evaluating those presentations and narrowing the selection process. The RFI will likely lead to the retention of a Program Management Consultant to help PG&E undertake its Gas Transmission Asset Management (GTAM) project. That effort will, in turn, be coordinated with a broader gas distribution and transmission pipeline records assessment.

As part of the MAOP Validation effort, we have scanned over 2 million documents and housed them in an interim document management system. In addition, pertinent information has been extracted from these documents and is being used to

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populate a new GIS (linear referenced database). The pipeline features list is the base information for GIS. This database will serve as the foundation for linking data and records related to the transmission and ultimately the distribution networks. The work completed to date has been to satisfy regulatory requirements but also is foundational to the long term solution of integrating records management with work processes of which GTAM is the overriding blueprint. We envision a multi-year effort to improve the gas organization's pipeline data and records management practices.

PG&E intends to make large investments in improving and centralizing its gas records management infrastructure. It is modernizing its data management systems and procedures to ensure data is comprehensive, accessible and traceable. The Company's improved systems will include data about assets, tools and materials, and information such as test records, replacement logs, maintenance logs and job histories. The information will be organized and integrated to allow for cross-organization access and visibility, and will contain all pipeline features data necessary to support critical business requirements, including public safety and integrity management programs.

Any records management improvements that the Company identifies need an organization capable of implementing and sustaining them. We are in the process of improving our gas organization's structure to meet this and other objectives. In the new gas organization there will be an Asset Knowledge Management group that will report directly to me, and whose functions will include overseeing the MAOP Validation effort, the production of maps and records, data quality, and technology and tools. Other groups within the new organization will also help us implement and sustain records management improvements. We have, for example, created a Standards & Policies group led by a Vice President who reports directly to me. That group's function will include Codes and Standards, Regulatory Compliance & Support, Process Safety and other functions. These functions will address the creation of more streamlined record development and recordkeeping standards, and will embody quality controls to ensure successful implementation.

Briefly put, we recognize the need to improve. We welcome the Legal Division's site visits and the added records management scrutiny that comes with them. If the Recordkeeping OII proceeding identifies records management deficiencies, we intend to address them, if we haven't already addressed them in our improvement efforts currently underway. Whatever the outcome, PG&E must learn (and has already learned) from the Commission's recordkeeping investigation.

Regards,



cc: Frank Lindh, General Counsel  
Robert Cagen, Staff Counsel  
Catherine Johnson, Staff Counsel  
Darryl Gruen, Staff Counsel  
Margaret Felts, Consultant

Robert Kinosian, CPUC Staff  
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