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Cc:
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Subject: CPUC Begins Penalty Consideration Case Regarding Alleged PG&E Pipeline Classification Violations: CPUC Press Release

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CPUC BEGINS PENALTY CONSIDERATION CASE REGARDING ALLEGED PG&E PIPELINE CLASSIFICATION VIOLATIONS

SAN FRANCISCO, November 11, 2011 - The California Public Utilities Commission (CPUC) today opened a penalty consideration case into whether Pacific Gas and Electric Company (PG&E) violated CPUC or federal rules regarding pipeline classification. If proven, the allegations would constitute a violation of federal and state pipeline safety regulations.

PG&E operates approximately 6,438 miles of high-pressure natural gas transmission pipeline, which includes approximately 1,060 miles of pipelines in High Consequence Areas (class 1 locations are generally 10 or fewer buildings intended for human occupancy; class 2 locations are generally more than 10 but fewer than 46 buildings intended for human occupancy; class 3 locations are generally 46 or more buildings intended for human occupancy; and class 4 locations are generally where buildings with four or more stories above ground are prevalent).

The CPUC will review and determine whether PG&E has failed to classify its pipelines correctly and whether PG&E failed to comply with federal standards requiring that it regularly study, patrol, and survey these locations for increased population density.

As part of the CPUC's examination and orders pertaining to PG&E's natural gas safety practices following the September 2010 rupture of a PG&E pipeline in San Bruno, on June 30, 2011, PG&E submitted a [Class Location Study Report](#) to the CPUC. The study provided the results of PG&E's system-wide verification of class location

designations for transmission pipe. The report stated that PG&E's class location review indicated that some segments of pipe had, or may have, a maximum allowable operating pressure higher than appropriate for PG&E's current class location. PG&E subsequently lowered pressure on these lines following submission of their report in June.

The CPUC enforces a variety of federal and state laws that impose safety requirements pertaining to the design, construction, inspection, testing, operation, and maintenance of investor-owned utility intrastate natural gas transmission pipeline systems in California.

During the penalty consideration phase, an Administrative Law Judge (ALJ) will be assigned to the case and will hear testimony from parties. Based on the record that will be developed, the ALJ will prepare a recommendation for consideration by the CPUC's Commissioners, which could include statutory fines and penalties against PG&E, if warranted, of up to \$20,000 per each day of a continuing violation of law.

The proposal voted on by the CPUC is at:
http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/151382.pdf.

For more information on the CPUC's natural gas pipeline safety work, please visit www.cpuc.ca.gov/PUC/events/sanbruno.htm.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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