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Sent: 11/21/2011 8:47:48 AM  
To: Michael R. Peevey (michael.peevey@cpuc.ca.gov) (michael.peevey@cpuc.ca.gov)  
Cc:  
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Subject: FW: Platts - PG&E 'Laserfocused' on Turning Company Around: Gas Executive  
FYI

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**From:** News Flash

**Sent:** Friday, November 18, 2011 4:32 PM

**Subject:** Platts - PG&E 'Laserfocused' on Turning Company Around: Gas Executive

*Platts* published a story about PG&E's determination to improve gas operations. Nick Stavropoulos, PG&E's Executive Vice President, Gas Operations, was quoted from the annual Pipeline Safety Trust meeting.

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## **PG&E 'Laserfocused' on Turning Company Around: Gas Executive**

By Stephanie Seay

Platts Commodity News, November 18, 2011

Pacific Gas and Electric's new executive in charge of natural gas operations said Thursday that the utility and pipeline operator is "completely committed" to working its way out of the dilemma it faces in the aftermath of the deadly San Bruno explosion, and has no illusions about how hard that task will be.

"PG&E's name was iconic in the industry and it was destroyed in one incident," said **Nick Stavropoulos**, who was hired five months ago to the newly formed position of executive vice president, gas operations.

"Trust, once broken, is enormously difficult to regain," Stavropoulos told the Pipeline Safety Trust's annual meeting in New Orleans.

The transmission line blast that killed eight people in the fall of 2010 has led to a number of troubling revelations for the company, including the lack of records for the ruptured, vintage

line and other line segments, pipe defects that investigators said could have been easily discovered if adequate inspections had been made, poor work practices during maintenance at a regulating station and inadequate communication with emergency responders.

The company is facing an unknown amount in legal expenses, two state penalty proceedings for record keeping and classification of pipelines, and has itself proposed more than \$2 billion in gas safety improvements,

The gas executive, who had been involved in modernization programs at National Grid, KeySpan Energy, Colonial Gas and Boston Gas, said state and federal regulators have "appropriately criticized" PG&E and the company is completely accepting of those comments.

He also cautioned other industry executives who might think such an incident can't happen on their watch.

"If you don't want this to happen, you need to ask yourself, 'do I have the right resources, the right skill sets, am I spending the right amount of money?'" If you can answer positively, then you can prevent such incidents. "But if you can't answer honestly, it's a roll of the dice."

Since coming aboard PG&E in June, Stavropoulos said he has hired 100 gas engineers full time at the company, and hired another 900, mostly as contract workers, to help with maximum allowable operating pressure validation, pressure testing, installing remote-control shutoff valves, additional inspections and other tasks.

Those workers also will be helping manage a system to operate effectively this winter in the face of lines where pressure has been lowered until testing can be completed.

Stavropoulos said about 33% of his transmission lines are operating at a significant pressure reduction currently. But he also noted that just this week, the company completed pressure testing on 154 miles of pipeline, a couple more miles than what it had promised to perform starting last April on lines of similar vintage or characteristics as the San Bruno segment.

During that time, the company discovered three anomalies and repaired those lines.

"Some would say that's a failure, but I say it was a success. The tests did what they were designed to do," he said.

The executive said he has put the industry on notice that he is after their employees. "I go to Houston to recruit in the summer, and I go to New Hampshire to recruit in the winter, all to bring people to sunny California," Stavropoulos said.

"We are laser-focused" on fixing our problems, he said. "This work is not for the faint-hearted. We are going to take this company and turn it around, and we will be equal to the safest company out there."