

From: Prosper, Terrie D.  
Sent: 12/16/2011 11:39:01 AM  
To: Ramaiya, Shilpa R (/o=PG&E/ou=Corporate/cn=Recipients/cn=SRRd)  
Cc: Doll, Laura (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=LRDD)  
Bcc:  
Subject: Re: SfChron Article: 2008 Audit

Thank you, I did see that note. I, too, was wondering what's new.

**From:** Ramaiya, Shilpa R [mailto:SRRd@pge.com]  
**Sent:** Friday, December 16, 2011 09:15 AM  
**To:** Prosper, Terrie D.  
**Cc:** Doll, Laura <LRDD@pge.com>  
**Subject:** FW: SfChron Article: 2008 Audit

Terrie,

Not sure if Michelle had a chance to share this with you yet, but if she hasn't, see description below on the Sunday article that may be written. This is not new news in our opinion, but background is below should it assist you in answering questions.

Take care.

Shilpa

**From:** Ramaiya, Shilpa R  
**Sent:** Thursday, December 15, 2011 5:14 PM  
**To:** michelle.cooke@cpuc.ca.gov  
**Cc:** Horner, Trina; Doll, Laura  
**Subject:** SfChron Article: 2008 Audit

Michelle,

As a heads-up, we have received word that the SF Chronicle is in the process of writing an article for the Sunday paper regarding gas leak survey controls. They have requested our 2008 internal audit which we have just provided to them (in redacted form). I have attached both the internal audit, as well as the points covered with Jaxon for your reference. The CPUC has requested and received this particular internal audit (and many others) in numerous forums since 2008, including most recently in

the Overland Audit. While it pre-dates our involvement, PG&E also presented the findings and our actions to the CPUC upon the audit's release in 2008.

Let us know if you have any questions.

Thanks.  
Shilpa

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In April of 2007, some field gas employees shared their concerns about the company's gas system maintenance and the associated records in San Rafael, and the gas leak detection methods used in the Sonoma County region of PG&E's service area.

We immediately launched an internal audit of the regulator stations and valves and the records of previous inspections in Marin County, as well as an audit of the leak survey methods in Sonoma County. This audit found that some equipment inspections and some leak surveys that had been logged as completed in fact were never completed.

We promptly reported the audit findings to the California Public Utilities Commission (CPUC) and committed to a series of 50 corrective actions. Additionally, we provided the CPUC with regular updates on our progress. Those corrective actions included:

- [REDACTED] Immediately re-inspected every regulator station and valve in the Marin area and repaired or replaced equipment as necessary
- [REDACTED] Re-surveyed all gas services in Sonoma County and immediately repaired all significant leaks
- [REDACTED] Required new training for all supervisors to provide more detailed review of field work
- [REDACTED] Created quality controls and ongoing auditing to prevent this from happening again
- [REDACTED] Conducted a comprehensive audit of all gas division regulator and valve maintenance programs to confirm that the problems were isolated to Marin

To make certain that leak survey records falsification issues did not extend to other gas divisions, we conducted a statistical survey in five divisions, Yosemite, Sierra, Peninsula, Fresno, and the North Valley. While the statistical survey results confirmed that the records issue was confined to Sonoma, we found inconsistent survey and leak grading techniques across the divisions. To address this problem, we:

- [REDACTED] Established new leak identification and leak grading criteria

- ██████████ Developed new training for all leak surveyors and a new training simulator in Livermore to test new leak survey equipment and techniques and required all leak surveyors to be re-qualified in leak survey procedures and tools
- ██████████ Developed a real-time leak reporting system and new quality controls
- ██████████ Working with the CPUC, we committed to re-survey every gas service in our service area (almost 5 million). This resurvey was completed in 2010.

Also, as a result of the Marin and Sonoma audits, a number of employees involved in this issue were dismissed from the company.

The April 2008 audit was part of PG&E's investigation of this issue. It involved a system wide analysis of controls around the Company's gas leak survey program. The audit found several deficiencies in the areas examined. As a result, the Company undertook a number of actions to improve our controls, several of which are described above.

We applaud the employees who came forward with the information that led to these improvements. This focus on safety will help PG&E achieve its goal to become an industry leader in gas pipeline safety.

The audits helped bring important issues to the company's attention and resulted in some significant changes to our operations both locally and system wide.