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March 28, 2012

VIA ELECTRONIC MAIL

Mr. Paul Clanon, Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 941-1-3298

Re: Costs to be paid for by PG&E shareholders

Dear Mr. Clanon:

I respectfully request that this letter be entered into the record regarding current deliberations on what costs incurred by PG&E's proposed natural gas pipeline renovation plan should be passed on to ratepayers and what costs must be absorbed by PG&E shareholders. Please confirm that this request will be honored.

Those first months after the San Bruno pipeline tragedy of September 9, 2010 were at times chaotic-- so many struggled to understand what had happened and why. I can't assess the current situation without considering the initial meetings that I held with PG&E executives.

The key PG&E person at these meetings in 2010 and the first half of 2011 was Kirk Johnson, Vice President, Gas Transmission Maintenance and Construction. In the beginning Mr. Johnson assured me time and again that the utility had employed the appropriate testing and monitoring procedures to detect transmission leaks.

Even after the NTSB revealed that the damaged pipe was not seamless as originally reported by PG&E, the assurances continued that PG&E knew what was in the ground and that the monitoring of the San Bruno line had been appropriate; i.e., that inspections were conducted in accordance with the law. Valuable months passed before Mr. Johnson told me that mistakes had been made in transferring data from paper to electronic form.

But even that statement turned out to be misleading, in my opinion. The base information was deeply flawed—records were incomplete, even before the transfer—a fact underscored by a former PG&E records manager who provided information to me and the NTSB. Consequently, I

became convinced early on that PG&E had to re-establish its records from the beginning and, as such, PG&E shareholders should bear the entire cost of improving its pipeline records program.

Furthermore, if the records are faulty, then all testing to reestablish new baseline operating pressure standards should be paid for by shareholders as should any repairs identified during the testing phase.

I would note that PG&E earned significant profits during the period when its records program was in shambles.

I do applaud PG&E for installing remote shut-off valves at shareholder expense as well as testing pre-1961 pipelines at shareholder expense.

All the best,

A handwritten signature in cursive script that reads "Jackie Speier". The signature is written in black ink and is positioned above the printed name and title.

Jackie Speier
Member of Congress