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Sent: 6/26/2012 5:31:30 PM
To: Clanon, Paul (paul.clanon@cpuc.ca.gov) (paul.clanon@cpuc.ca.gov)
Cc:
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Subject: FW: Responses in Two Investigations

FYI

From: Investor Relations (mailbox) [mailto:InvestorRelations2@pge-corp.com]
Sent: Tuesday, June 26, 2012 5:25 PM
Subject: PCG: Responses in Two Investigations

MEMBERS OF THE FINANCIAL COMMUNITY:

Today, PG&E filed its responses in two CPUC investigations – one in the San Bruno OII and the other in the Records OII. These responses address the claims and findings that were submitted in each of these investigations by the CPUC's Consumer Protection and Safety Division (CPSD). And while today's responses in no way limit our responsibility for the San Bruno accident, we disagree with many of the conclusions drawn by the CPSD in these investigations.

In the San Bruno OII, we acknowledge that our gas system operations were not what they should have been, however, we state that the CPSD's allegations are excessively broad. A number of chapters in our response are sponsored by industry experts who compare PG&E's practices to industry standards and conclude that various aspects of gas operations practices were consistent with the industry and the regulations.

The response in the Records OII centers on the two independent consultant reports (Duller and North, and Felts) that the CPSD filed in March. In it, we state that the consultants' findings are based on the application of new, subjective and untested assessment methodologies to more than 50 years of past records management practices, with the result being a series of hindsight judgments unconnected to historical context. We also state that they made no effort to benchmark PG&E's past records practices alongside those of other pipeline operators, and that where they

legitimately identify areas of present-day records management concern, they exaggerate the scope of the problem and turn an existing records management challenge into 50 years of alleged violations.

Today's filings should be available shortly on the PG&E Regulatory Cases search page (link provided below). Use the pull down menu to find "Gas Transmission System Records OII" and "San Bruno Explosion and Fire OII" and then find the filings with today's date. <http://apps.pge.com/regulation/search.aspx>

The CPSD will have an opportunity to file replies/rebuttal testimony in August. Hearings for the San Bruno and records investigations have been scheduled to begin in September.

Please call PG&E Investor Relations at 415.267.7080 with any questions.

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